CANADA

HOUSE OF COMMONS DEBATES

OFFICIAL REPORT

FIRST SESSION—TWENTY SIXTH PARLIAMENT

12 ELIZABETH II

VOLUME III, 1963

COMPRISING THE PERIOD FROM THE TENTH DAY OF JULY, 1963,
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ROGER DUHAMEL, F.R.S.C.
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY
OTTAWA, 1963

28902-5—130

MAY 17 1965

HOUSE OF COMMONS

Wednesday, July 10, 1963

The house met at 2.30 p.m.

POWER

COLUMBIA RIVER—ANNOUNCEMENT OF SIGNING OF AGREEMENT BETWEEN CANADA AND BRITISH COLUMBIA

Hon. Paul Martin (Secretary of State for External Affairs): Mr. Speaker, I thank my colleague the Secretary of State for allowing me to speak first. In order to meet an agreement with the premier of British Columbia I have to observe a time schedule.

The governments of Canada and British Columbia have signed an agreement setting forth in detail the basis on which the development of the Columbia river in Canada will be carried out, when and if satisfactory arrangements are concluded with the United States.

The agreement, dated July 8, 1963, was signed on behalf of Canada by the Prime Minister and the Secretary of State for External Affairs. It was signed on behalf of British Columbia by the premier, Hon. W. A. C. Bennett and Hon. R. G. Williston, minister of lands, forests and water resources.

The treaty between Canada and the United States relating to the development of the water resources of the Columbia river basin was signed on January 17, 1961. While it was approved by the United States senate preparatory to ratification by the United States, final action looking toward ratification by Canada was held up following signature because of lack of agreement in Canada concerning certain aspects of the development. In addition to the questions outstanding between the governments of Canada and British Columbia, the Prime Minister indicated to the President of the United States, in their meeting at Hyannis Port, that certain clarifications and adjustments would be necessary in the treaty arrangements between Canada and the United States before ratification could take place.

Resolution of all points of disagreement between the federal and provincial governments was the first stage, and I am happy to say this has now been accomplished.

The agreement, which is being released simultaneously with this announcement, provides in detail for the rights and obligations of the federal government and the provincial government respectively in the execution of the Columbia river development when the necessary modifications to the treaty have been made and its ratification takes place. The agreement provides that the protocol regarding the treaty arrangements, when worked out with the United States, shall form a part of the agreement between Canada and British Columbia.

The agreement contemplates a sale of the Canadian share of downstream power benefits to the United States, subject to the negotiation of a satisfactory price and other suitable terms which will ensure savings in the cost of electric power in British Columbia. The exact period of the sale will be one of the matters for negotiation with the United States. The sale arrangement, and therefore the entire agreement, are entirely contingent upon the negotiation of acceptable terms with the United States. The arrangements for sale, when worked out, will form an integral part of the agreement.

The agreement provides that in accordance with its constitutional position as owner of the resources in question, British Columbia, will have title to the benefits arising out of the development. In turn British Columbia undertakes to carry out all aspects of the construction and operation of the treaty projects and assumes full responsibility for their financing through the use of funds derived in the United States from the sale of the downstream power benefits and from the flood control benefits, together with funds from other sources as required. British Columbia also undertakes to assume financial responsibility for any liability that might arise under the treaty in relation to the United States unless the cause of the liability were directly attributable to Canada.

The agreement provides for the use of Canadian labour and materials to the full extent to which they are procurable consistent with proper economy and expeditious action.

Now that agreement has been reached between the federal and provincial governments, negotiations for modification of the treaty will be undertaken as quickly as possible with the United States. If agreement can be reached on points other than the sale arrangement, discussion will then take place on the terms on which the Canadian downstream power benefits might be sold in the United States. If these matters can be settled satisfactorily all provisions relating to

them, the treaty itself and agreement with British Columbia will then be submitted to parliament for its consideration.

Meanwhile, Mr. Speaker, I am tabling the agreement, in French and English, for the information of the house.

Mr. J. A. Byrne (Parliamentary Secretary to Minister of Labour): Mr. Speaker, I wonder whether it would meet the wishes of the house, for the convenience of the house and the public, if this agreement were printed in *Hansard*?

Some hon. Members: Agreed.

[*Editor's note: for text of document referred to above, see appendix "A".*]

Right Hon. J. G. Diefenbaker (Leader of the Opposition): Mr. Speaker, it is naturally very difficult to follow a detailed statement such as the house has just listened to, but certain general remarks can be made. It will have been noticed that the minister emphasized the fact that the sale of downstream benefits is to be subject to securing appropriate terms. Near the end of his remarks the minister again referred to the fact that everything in connection with this agreement is dependant upon the attainment of terms that are mutually satisfactory.

It is clear therefore from what the minister has said that the agreement entered into, while I have not had an opportunity of perusing it, covers mainly the details of operation and the contractual position as between Canada and British Columbia regarding the discharge of Canada's obligations under the treaty. It should be emphasized that the whole problem is still in an uncertain state. While an agreement has been entered into between British Columbia and the government of the Dominion of Canada there are, in fact, matters of detail which will have to be implemented after being determined.

Mention was made of the fact that the treaty was signed on January 17, 1961. I would bring to the attention of the house the fact that when that treaty was signed there was agreement as between the government of British Columbia and the government of Canada. We signed the treaty on the basis of the arrangements that had been agreed to between the governments of Canada and the province of British Columbia and it was only after the treaty was signed that Premier Bennett of British Columbia determined on a course different from that to which he had earlier agreed through his representative, Hon. Ray Williston.

It is quite apparent from what has been said that the treaty cannot be implemented unless there is a further protocol entered into with the United States. As the minister spoke

I was impressed by the fact that although he said an agreement had been arrived at, what he said stayed far away from saying that a final agreement had been reached, for there are many terms or changes which will have to be agreed to.

Final agreement with United States will have to cover the terms and conditions of the sale of Canada's share of Columbia power which the treaty secures and which, were it not for this new policy, would be available for use in British Columbia. Indeed, one of the major objectives of the treaty was that downstream benefits would be so much cheaper than power produced elsewhere that a major portion thereof would be returned to British Columbia in the interests of the development of industry within that province.

I think the house and the country should be advised now as to what the position of the government would be with regard to the price to be obtained. There is delightful uncertainty in this regard in the statement made by the minister. There should be also information as to the period during which Canada will forgo its entitlement, and the provisions which have been made for recapture. The house should also be advised at once of the precise nature of any changes in the provisions of the treaty to which the government is prepared to agree in its negotiations with the United States. If the changes are of such insignificance that they would not be submitted to the United States Senate we can only conclude that they are lacking in substance.

We are entitled to an immediate estimate of the time which will elapse before ratification can be effected and construction can begin. Until this information is made available to us no one, I am sure, could possibly express any final opinion on the deal which has been made. What can be said is that great care will have to be exercised to ensure that the real interest, the economic interest, in Canada's future destiny, as well as that of British Columbia in obtaining an abundant flow of low cost power, is not being bartered away for immediate political advantage.

This is one of those things to which reference was made by the Prime Minister during the election campaign. He was going to renegotiate the treaty with the United States. What we have now is far removed from a renegotiation of the treaty. What the government is now contemplating are some additional clauses which may be embodied in a protocol, rather than a renegotiation of the treaty itself. The course now being followed—and I think this can be said without fear of controversy—at Mr. Bennett's insistence means a lengthy delay before the treaty can be implemented and

construction can begin. If Premier Bennett had carried out the arrangements he made through Mr. Williston before the treaty was signed, this project would have been under way long since. He scuppered it and made it impossible to proceed without delay with the project as we had hoped. If the original policy had been followed as between Canada, the United States and British Columbia the deals now being made would not have been necessary. Actual construction, with all its consequent advantages in terms of 31 million man hours of employment and the benefits of an immediate supply of low cost power, would now be accruing to the people of British Columbia.

Mr. Bert Leboe (Cariboo): Mr. Speaker, we are very glad indeed that the time has come when we are able to receive the report which we have just received from the Secretary of State for External Affairs on this very important question. The two men who were mentioned in the report, Mr. Williston and the premier of British Columbia, I think it can be said without a doubt are outstanding men in Canada today and are recognized as such. I hear murmurings from hon. members in the official opposition, and well might they murmur in view of the results they produced over the last few years in connection with this treaty.

The people of British Columbia are going to welcome this announcement. I should like to say in connection with the announcement and some of the remarks made by the leader of the official opposition, that the people are looking for action in this matter, and when it comes to playing politics I think it can be readily said and understood by most people in British Columbia, and in fact in other parts of Canada, that they know very well where the politics were being played in this connection.

Mr. Peters: We sure do.

Mr. Leboe: The hon. gentleman who left the House of Commons, who was removed from a negotiation post, has not gone unnoticed by the people of Canada, certainly not by the people of British Columbia. We are pleased to note from the statement that was made today and from statements made previously that the changes to the treaty itself are going to be of a minor nature. We are all aware of the statement made by the minister in connection with the sale of downstream benefits, and I think this is the important point which has to be considered. As a matter of fact it is the important point. If we are going to have a proper price range for the downstream benefits, surely this has to be negotiated to the best advantage of Canadians and the people of British Columbia. Therefore I have every confidence, as I think hon. members generally have, in Mr. Williston's ability and also that of the premier of British Columbia in this connection.

As far as the final chapter of this Columbia river treaty is concerned, and its writing, we expect that there will be action taken very shortly in connection with the negotiations with the United States.

I should just like to say in closing that while we talk of great delays in the development of the Columbia river, those who are equipped with the facts know that the Columbia river development has been going on and is still going on, and there has been very little time actually lost through this because of the fact that the British Columbia government has had faith that the proposition would finally reach the stage where the nine or ten million dollars which has been invested will be returned to them in due course.

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, I rise to speak as a Canadian with a completely non-partisan approach to this very important question. This most important statement just made by the Secretary of State for External Affairs is without a doubt the result of the influence of a genial political engineer who is anxious whenever possible to sooth President Kennedy's feelings, and that master of financial, economic and resource manipulation, the premier of British Columbia, whose policy throughout the years has clearly been demonstrated to be one of discounting the future of British Columbia for the political needs of the present.

One must tread rather lightly, Mr. Speaker, when dealing with a read statement. From long experience I find that when listening to the Secretary of State for External Affairs one should not be too definitive until one has had an opportunity to read what he has said, because he makes the impossible appear to be possible by the manner of his delivery, his voice and so on. However, from listening to the Secretary of State for External Affairs I judge that there is little change in the terms of the present treaty. It is purely a question of minor changes, which is what we and many other people had feared. However, I thank the minister for tabling the agreement between the federal government and the government of British Columbia. People will have an opportunity to see what it is.

I presume from what I heard the minister say that this government now considers it has passed the ball back to the premier of British Columbia. It is up to him to get the five mills he said he would get from the United States, and it is up to him to raise the money. I noticed also that the minister

made reference to the fact that the treaty would be referred to the external affairs committee, but it appears that the substance of the treaty is going to be referred to the external affairs committee after the fact, when there is an agreement with the government of British Columbia and after agreement has been reached with the government of the United States.

Many Canadians are concerned about the outcome of the discussions between the government of Canada and the government of British Columbia. They are concerned about the developments with respect to the coming renegotiation of the treaty with the government of the United States. Before final dealings with the government of British Columbia and the government of the United States we trust that the federal government will peruse first the speeches made in the house last session by the hon. member for Coast-Capilano (Mr. Davis) and the hon. member for Kootenay East (Mr. Byrne). Second, we trust it will remember that the Liberal party organization in Kootenay West invited General McNaughton to be their candidate in the last election because, as members told me, they supported his point of view, and the candidate who did run in the last election opposed the treaty and expressed strong criticism of some of its terms. Third, I trust that the government will also remember the newspaper articles written by the hon. member for Coast-Capilano during the last election campaign.

I must remind the minister that the trade union movement in British Columbia has expressed its solid opposition to the terms of the present treaty and its solid support for the proposals made by General McNaughton. I must remind the minister that the advisory board of the farmers' institutes of British Columbia have taken a similar stand, as well as many other organizations and groups. I am not going to take the time of the house to refer to all of them. I just want to reemphasize the rank and file opinion in British Columbia. In addition, the leader of the Liberal party in British Columbia has expressed support for General McNaughton's views and has criticized the present treaty and urged renegotiation and changes in accord with the response expressed by the audience he was addressing.

In addition, the western Canada reclamation association at its annual meeting in Kelowna on June 21—it is an organization composed of organizations in British Columbia, Alberta, and Saskatchewan—urged the federal government not to sign the Columbia river treaty with the United States, and many delegates expressed in the strongest terms their support for General McNaughton's statements on this question. Also, only a few days ago the government of Saskatchewan expressed its concern with the terms of the present treaty. I have been told that on the radio this morning the premier of British Columbia used some language when criticizing the government of Saskatchewan that would be used by southerners under other circumstances.

Therefore, Mr. Speaker, on behalf of this party and the hundreds of thousands of Canadians who are concerned with developments in respect of this treaty, as well as a substantial number of organizations in British Columbia and other parts of Canada, I urge—

Mr. Thompson: Speak for yourself.

Mr. Herridge: I would not be here if I were speaking just for myself. Let me say, in reply to the leader of the Social Credit party, that the only candidate who supported this treaty without criticism was at the bottom of the polls in Kootenay West, and that was the Social Credit candidate.

I urge, Mr. Speaker, that the present Columbia treaty be referred to the external affairs committee so that engineers, representatives of labour, farm and other organizations, chambers of commerce and resource committees can present their views and give evidence before any final agreement is reached with the government of British Columbia or renegotiation is undertaken with the government of the United States. I must urge the Prime Minister at this time to remember his promise in writing to numerous organizations and individuals in British Columbia that no Liberal government would come to a final decision with regard to this treaty before the interested parties were consulted.

If this treaty is submitted to the external affairs committee after agreement has been reached with the United States, I say frankly the Prime Minister has not kept the promise he made in writing to these people. We urge submission of this treaty to the external affairs committee before any agreement is reached with the government of the United States so that the Canadian people can be given an opportunity to become acquainted with the facts. The more they know of the facts the more they will realize what a serious situation this presents to all Canadians, and to the people of British Columbia in particular.

There is a precedent for this course, and I will give the Minister of Fisheries (Mr. Robichaud) credit for establishing it. He has agreed that the north Pacific fisheries treaty will be referred to the committee on marine and fisheries prior to the government coming to a final conclusion on any agreement with the

other countries. I urge the Secretary of State for External Affairs to accept that precedent established by the Minister of Fisheries and send this treaty to the external affairs committee before any final agreement is reached with the United States. Then the people will know the truth and have the facts. In this way we will arrive at a treaty that will provide jobs for Canadians of this and future generations, that will provide power to be fed into a future national grid, and that will provide the water that will be required to irrigate Canadian soil in the days ahead.

Hon. Paul Martin (Secretary of State for External Affairs): Mr. Speaker, I take no exception to the observations made by—

Some hon. Members: Order.

Mr. Martin (Essex East): —two of those who have spoken. However, in view of the comments made—

Some hon. Members: Order.

Mr. Speaker: Is the minister raising a point of order?

Mr. Martin (Essex East): Yes, Mr. Speaker.

Mr. Churchill: State your point of order.

Mr. Martin (Essex East): In view of the comments made by the Prime Minister and by the hon. member who has just spoken—

Some hon. Members: Oh, oh.

Mr. Martin (Essex East): Mr. Speaker, the Prime Minister tells me he made no comments.

Mr. Speaker: I am sorry, but I must remind the minister that under the rules he is not allowed to make any further statement.

Mr. Martin (Essex East): I am coming to the point of order, Mr. Speaker. I was going to point out that in view of the nature of the statements made by the Leader of the Opposition and the hon. member who has just taken his seat, I feel that it is fair and in accordance with our traditions and practices that I should be given an opportunity to make a reply.

Some hon. Members: No, no.

Mr. Speaker: An opportunity may be given by unanimous consent, but not otherwise. Does the house give unanimous consent?

Some hon. Members: No.

Mr. Martin (Essex East): Mr. Speaker—

Some hon. Members: Order.

Mr. Speaker: Order, please.

Mr. Martin (Essex East): I suggest to you with great confidence that the practice in this house is that on motions, when a minister makes a statement, if that statement is replied to in a controversial manner as was done today by the Leader of the Opposition, then the minister is given an opportunity for a limited reply. This has been the practice, and it is with regard to that I am now rising—

Some hon. Members: No, no.

Mr. Speaker: I am very interested in the reference to the practice, but I should like to see the authorities. However, if the minister has some comment of great importance to make to the house perhaps the house would allow him a minute's indulgence.

Some hon. Members: No, no.

Mr. Martin (Essex East): I do not want to put myself in the wrong position, but this is a vital matter affecting this nation. The Leader of the Opposition has made certain statements—

Mr. Cameron (Nanaimo-Cowichan-The Islands): I rise on a point of order, Mr. Speaker. The minister has not got unanimous consent, and I suggest you tell him to sit down.

Hon. L. B. Pearson (Prime Minister): May I speak to the point of order. It is of course a well recognized practice that when statements are made on motions by a member of the government, short, non-controversial replies are in order from the opposition parties. Today, Mr. Speaker, the Leader of the Opposition made a long and controversial reply in which he introduced points that should be answered at this time because they were inaccurately stated. The same situation applies to the hon. member for Kootenay West, who made a long, controversial observation. Under these circumstances surely the spokesman for the government is entitled to reply to the controversial statements made.

Mr. T. S. Barnett (Comox-Alberni): If I may say a word, Mr. Speaker, on the question of order which has been raised by the Secretary of State for External Affairs, it would seem to me that if the minister were to suggest that he is prepared to refer the agreement which was tabled earlier to the external affairs committee, it is quite possible unanimous consent would be forthcoming. The minister would then have ample opportunity to appear before that committee and make the statement he appears to wish to make.

Mr. Martin (Essex East): This is one of the questions with which I was going to deal, because it was asked by the hon. member for Kootenay West.

Some hon. Members: Order.

Mr. Martin (Essex East): The Leader of the Opposition has no right—

Hon. Gordon Churchill (Winnipeg South Centre): Speaking to the point of order, Mr. Speaker, there is no right of reply on the part of the minister, irrespective of what comments happen to be made by the leaders of the various parties. This has not been the practice in the past. If this practice is permitted, then we should be permitted a full debate. Perhaps the government will provide an opportunity to have a full debate on this subject.

Mr. Speaker: I have listened, naturally, with a great deal of interest and curiosity to the remarks of the different members, including the minister and the right hon. Leader of the Opposition. Perhaps a little too much leeway was given with regard to the comments on the statement made by the minister. The result now is that we are entering upon a debate which should not be done at this time when we are considering motions. May I suggest that perhaps the minister could set the example and that we could proceed to other matters, and that the discussion of these details on motions is not a time for extended or controversial statements.

Mr. Martin (Essex East): Mr. Speaker, I have no desire to interfere or to object in any way to the view you now take, Mr. Speaker, but as this is an important matter I thought it was important for the house to be informed of the government's views with regard to suggestions made. But, since this is the view you take, I simply suggest with great respect that when you are looking at matters of procedure you might look at *Hansard* during the past four or five years and Your Honour will see many instances in which the present Leader of the Opposition made all sorts of responses to opposition reactions to statements made by his incompetent government.

Mr. Churchill: You are an expert on incompetence right now.

BUSINESS OF THE HOUSE

EXTENDED SITTING HOURS—CONSIDERATION OF SUPPLY ON FRIDAY

Hon. J. W. Pickersgill (Secretary of State): Mr. Speaker, I wonder if I might report to the house on a conference I had with hon. gentlemen opposite about certain suggestions for facilitating the business of the house with a view to getting an adjournment for part of the summer. I think there is agreement—and I will be quite happy to be interrupted and corrected at any stage if I misstate it—among all parties that we are prepared for the rest of this week, and for next week, to forgo the private members' hour and make it available for government business on Mondays, Tuesdays, Wednesdays and Fridays. We are also ready to sit at seven o'clock instead of eight o'clock in the evening on Mondays, Tuesdays and Thursdays, and since there is agreement about this with respect to today and the rest of this week and next week—and I do not go beyond that—I wonder if this might be recorded as an order of the house. When it has been recorded I would just like to say a word about Fridays, but not with a view to having anything recorded.

Mr. Speaker: Does this suggestion meet with the pleasure of the house?

Some hon. Members: Agreed.

Hon. Gordon Churchill (Winnipeg South Centre): There was one additional matter, Mr. Speaker, unless I missed it at the last minute, and that is that in the hour on Thursday which remains for private members' business, precedence be given to private bills. Was not that agreed?

Mr. Pickersgill: That is quite agreeable to the government if it is agreeable to the house. I think it would happen anyway because there have been no notices of motions transferred, but if that could be understood to be included in the provision originally made I should be happy.

Mr. Thomas M. Bell (Saint John-Albert): Mr. Speaker, may I ask a question for clarification. When is this agreement to begin, and will the lost private members' hours be picked up in the fall?

Mr. Pickersgill: The private members' hours are just being suspended; therefore they will not interfere with the operation of the rule respecting Mondays, Tuesdays and Wednesdays. I am afraid the Fridays, under the rule, will be irretrievably lost because that goes on for the whole session, and we cannot re-invent the Fridays, if I may put it that way.

Mr. Bell: When would it begin?

Mr. Pickersgill: This is only to the end of next week, starting today. Now if I may say a word about Fridays for the information of hon. members, it was understood that on Friday next the government would, as was done last Friday, call one of the departments for the consideration of estimates; and while no commitment was made about the matter there was an understanding that an earnest effort would be made on all sides of the house to proceed as we did last Friday and get through one department. No one is committed to that; I want to emphasize that, but there was an undertaking that there would

be an earnest effort made, and of course there will be until six o'clock under the order made today.

It was also agreed that there might be some discussion before six o'clock about the position, with a view to some small extension of the time, if that would be generally agreeable and if it would have the effect that hon. members would hope it might have. But I want to emphasize that this is just a co-operative suggestion, and there is no firm agreement with respect to Fridays.

Mr. Churchill: Just with regard to the completing of the estimates of one department in one day, we had that last week. It was at my suggestion. My colleagues co-operated with me in that regard and several of them refrained from speaking, as I did myself. Unfortunately the government claimed it as something they had thought up, and that they were piloting estimates through in double quick time. It was simply a matter on which we offered our fullest co-operation.

We may attempt this again provided there is a good spirit within the house, provided a number of things happen, but we cannot guarantee that in one day another department will be passed. It is most unusual and has not been done in the past. I thought we might try it as an experiment, and to set a good example for our friends opposite for their next term when they are in opposition.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, may I just say a brief word. First of all may I say that we in this group did agree with everything the Secretary of State says all parties agreed to, and my reason for rising is that actually we agreed to a little more than he indicated. I am wondering what has happened to the possibility of these arrangements lasting for a little longer period. There may be a reason that the Secretary of State does not wish to say at this moment, but I also wonder what has happened to the agreement that something would be said as to a target date for the summer recess.

Mr. Pickersgill: I think I could go so far as to say that I believe it is the firm wish on both sides of the house that if reasonable progress can be made in the business in the month of July, most of us would profit from being somewhere else in the month of August. I do not think it would be proper, without consultation with my colleagues, to go beyond that, in view of the fact that while the hon. member for Winnipeg North Centre is quite right in saying his party was willing to go somewhat further than the agreement I stated, there were some reservations about some points elsewhere. I have stated what was the agreement of all four parties and I felt I should not do anything but that, and I do not want to reflect on any party or group in the house.

While I am on my feet I might say that I think the record last week will show I gave the hon. member for Winnipeg South Centre full credit for the suggestion that one department should be put through, and I will give him double credit again if he gets another one through next Friday.

NORTHWEST TERRITORIES

ANNOUNCEMENT OF APPOINTMENT OF COMMISSIONER

Hon. Arthur Laing (Minister of Northern Affairs and National Resources): Mr. Speaker, I would like to inform hon. members that the governor general in council has appointed Mr. B. G. Sivertz as commissioner of the Northwest Territories, replacing Mr. R. G. Robertson whose appointment as Clerk of the Privy Council and secretary of the cabinet was recently announced by the Prime Minister.

Mr. Sivertz's appointment will take effect at noon on Friday next, July 12. It will terminate March 31, 1964, if the legislation now before parliament to create the territories of Mackenzie and Nunassiaq receives the assent of the house. The new commissioner for Mackenzie Territory would thereafter reside in Fort Smith, prospective capital of the territory.

Mr. Robertson has been commissioner of the Northwest Territories for the past 10 years. The advances made in territorial legislation and government during that period reflect his leadership. I am sure that residents of the territories would wish me to express their appreciation for his outstanding service.

Mr. Sivertz has a great many years of experience in northern administration, and is currently the director of the northern administration branch of my department. I am sure that he will ably carry on the tradition of service to the people of the north established by previous commissioners.

FINANCE

TABLING OF CORRESPONDENCE RESPECTING STOCK EXCHANGE TRADING PATTERNS

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, on June 19 I undertook to have inquiries made on the pattern of trading on the Montreal and Toronto stock exchanges during the preceding period. These inquiries have been made by the exchanges in question, and I now propose to table, for the information of hon. members, the exchange of correspondence on this subject between the

Clerk of the Privy Council on the one hand and the presidents of the Toronto and Montreal stock exchanges on the other.

ARTS, LETTERS AND SCIENCES

ROYAL COMMISSION ON BICULTURALISM—TABLING OF PROVINCIAL REPLIES

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, on May 20 I tabled in the house a copy of the letter I wrote to the premiers of all the provinces on May 15 concerning a royal commission of inquiry on biculturalism and bilingualism. I would now like to table copies, in French and in English, of the answers I have received to my letter.

Right Hon. J. G. Diefenbaker (Leader of the Opposition): Mr. Speaker, I would think that copies of those letters should be made part of *Hansard*, because they are of general interest.

Mr. Speaker: Is it agreed that these letters be made part of *Hansard*?

Some hon. Members: Agreed.

[*Editor's note: For correspondence referred to above, see appendix "B".*]

PRIVILEGES AND ELECTIONS

REFERENCE OF ELECTIONS ACT TO STANDING COMMITTEE

On the order: Government notices of motion:

That the standing committee on privileges and elections be empowered to study the Canada Elections Act, and the several amendments thereto suggested by the chief electoral officer; and to report to the house such proposals relating to the said act as the committee may deem to be advisable.

Mr. Speaker: Pursuant to section 2 of standing order 21, this notice of motion is transferred to and ordered for consideration under government orders at the next sitting of the house.

RAILWAYS, AIR LINES AND SHIPPING

ESTABLISHMENT OF COMMITTEE ON RAILWAYS, AIR LINES AND SHIPPING OWNED AND CONTROLLED BY THE GOVERNMENT

On the order: Government notices of motion:

That a sessional committee on railways, air lines and shipping owned and controlled by the government be appointed to consider the accounts, estimates and bills relating to the Canadian National Railways and Trans-Canada Air Lines and such other matters as may be placed before it, saving always the powers of the committee of supply in relation to the voting of public moneys, and that the said committee be empowered to send for persons, papers and records, and to report from time to time, and that notwithstanding standing order 67 in relation to the limitation of the number of members, the said committee shall consist of 26 members.

Mr. Speaker: Pursuant to section 2 of standing order 21, this notice of motion is transferred to and ordered for consideration under government orders at the next sitting of the house.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

(Translation):

WORLD FAIR SITE—TELEGRAM FROM MONTREAL MAYOR

Question No. 449—**Mr. Valade:**

1. What is the nature of the wire sent by the mayor of Montreal to the Minister of Public Works on May 12, 1963, concerning the site of the 1967 world fair?

2. What was the minister's final reply to this wire?

Mr. Badanai: 1. The Minister of Public Works did not receive a telegram dated May 12, 1963 from the mayor of Montreal.

2. Not applicable.

(Text):

EDUCATIONAL GRANTS TO PROVINCES

Question No. 588—**Mr. Mather:**

Has the government given consideration to the advisability of equalizing educational opportunity throughout Canada by granting financial aid to provinces for that purpose?

Mr. Dupuis: The purpose of the equalization payments under the tax sharing arrangements of 1956 was to make it financially possible for all the provinces, whatever their tax base, to perform their constitutional functions themselves and to provide a reasonable Canadian level of provincial services without an abnormal burden of taxation and that remains the policy of the present government.

FLOOD EXPENDITURES, INDIAN VILLAGE, AIYANSH, B.C.

Question No. 649—**Mr. Howard:**

1. How much money, for what purpose, and by whom, has been spent as a result of the flood at the Indian village of Aiyansh, B.C., since the time of that flood?

2. Was any total amount of money set aside, allocated, or determined as a ceiling of expenditure for the said flood and, if so, what was that amount, and how much is left unexpended?

Mr. Munro:

1. Housing	$ 28,665.02
Economic development, saw mills, boats, etc.	5,717.44
Roads, water supplies, etc.	43,252.32
Repairs to school buildings	23,665.18
Miscellaneous	939.19
Total	$102,239.15

2. No.

Mr. Pickersgill: Mr. Speaker, could questions 651 to 676 stand.

(Translation):

Mr. Gilles Gregoire (Lapointe): Mr. Speaker, can the Secretary of State (Mr. Pickersgill) tell us when those questions which have been allowed to stand for so long will be answered?

An hon. Member: As soon as possible.

(Text):

Questions stand.

FEDERAL EMPLOYEES, COMPTON-FRONTENAC CONSTITUENCY

Question No. 699—**Mr. Latulippe:**

What are the names, salaries and years of service in the government of all federal government employees, e.g., Post Office Department, public works department, unemployment insurance commission, etc., working in the constituency of Compton-Frontenac?

Mr. Dupuis: This information is not readily available and its compilation would call for undue labour and expense.

AGRICULTURE AND FISHERIES EXPENDITURES

Question No. 740—**Mr. Mather:**

1. What was the total expenditure of the Department of Agriculture in 1960-61?
2. In the same period, what was the total expenditure of the Department of Fisheries?
3. In the same period, what was the per capita expenditure of these departments for (a) farmers (b) fishermen?

Mr. Dupuis: 1. $264,915,215.

2. $19,195,681.

3. ("Farmers" defined as "self employed workers in agriculture", and "fishermen" as including all who participate in primary fishing operations (catching and landing) on a full time, part time and casual basis): per capita expenditure for (a) farmers was $632; for (b) fishermen, $245, in the period in question.

TARIFF BOARD HEARING ON GAS AND OIL MACHINERY

Question No. 757—**Mr. Lambert:**

1. Has the tariff board completed its hearings as to the provisions of the customs tariff related to machinery and equipment used in the mining industry and in the oil and gas industries?
2. If not, has it completed its hearings with respect to the oil and gas industries?
3. If in the affirmative, has the tariff board rendered or delivered its interim report to the Minister of Finance and to the government?
4. If in the affirmative, has a decision with respect to the recommendations therein contained yet been arrived at and, if not, when is such a decision expected to be announced?

Mr. Benson: 1. Yes.

2. Answered by 1.

3. No.

4. Answered by 3.

Questions

PINE FALLS HOSPITAL, MANITOBA

Question No. 776—**Mr. Slogan:**

1. Has an agreement been reached between the federal department of health and welfare, the provincial department of health of Manitoba and the Manitoba Paper Company regarding the construction of an additional wing at the Pine Falls general hospital for the integration of Indian health services and, if so, what are the cost sharing arrangements?
2. Was the grant of $400,000, provided for in the 1962-63 estimates, made to the Pine Falls hospital and, if so, on what date?
3. If the said grant has not been made, is there any reason for the delay in making payment?
4. Has a contract been called for the construction of this hospital and, if so, what was the amount of each tender and to whom was the contract awarded?
5. Will construction begin this summer?

Mr. Haidasz: 1. An agreement has not yet been signed.

2. and 3. No. Payments of such grants are usually made after the commencement of construction.

4. and 5. These matters are entirely in the hands of the company.

(Translation):

LA TUQUE, QUE.,—AIRPORT CONSTRUCTION

Question No. 798—**Mr. Chretien:**

1. In what year was the La Tuque airport built?
2. By whom was it built?
3. By whom is it managed at the present time?
4. Is the Department of Transport responsible for the management of this airport and, if not, does the Department of Transport intend to manage this airport?

Mr. Cantin: 1. September 5, 1951, to October 31, 1952.

2. By the Department of Transport for the Department of National Defence.

3. By the town of La Tuque, Quebec.

4. No.

(Text):

AMBULANCE SERVICES, QUEEN MARY HOSPITAL, MONTREAL

Question No. 802—**Mr. Valade:**

1. Has the Department of Veterans Affairs awarded a contract for ambulance services for the Queen Mary veterans hospital in Montreal to (a) Metropole Ambulance (b) Emile Fecteau?
2. If such a contract has been awarded (a) to whom was it awarded (b) what was the amount (c) what are its terms (d) on what basis was it awarded?

Mr. Carter: 1. (a) The Department of Veterans Affairs awarded two such contracts to L'Ambulance Metropole Ltee. The first contract was for the period of April 1, 1961 to March 31, 1962 and the second contract from April 1, 1962 to March 31, 1963.

(b) No such contract was awarded by the Department of Veterans Affairs to Emile Fecteau.

Questions

2. (a) Each of the contracts referred to in 1 above was awarded to L'Ambulance Metropole Ltee., 8800 St. Michel Blvd., Ville St. Michel, Quebec.

(b) Each contract was based on the following rates:

(i) Trips within 3-mile radius from Queen Mary veterans hospital—Flat rate per trip—$10.

(ii) Additional miles beyond the 3-mile radius—$0.75 per mile.

(iii) Special treatment trips from Queen Mary veterans hospital to Royal Victoria hospital—Flat rate per trip—$10.

(iv) Waiting charge for special treatment trips—$5 per hour.

(c) The terms of each contract called for the provision of 24 hour ambulance service as needed by the Queen Mary veterans hospital, subject to the following specific requirements:

(i) All toll charges included in the contractual rates.

(ii) Trained escort to be supplied at no extra charge.

(iii) Contractor must pick up an orderly or interne at Queen Mary veterans hospital.

(iv) Ambulance must carry sufficient spare linen to allow for change of linen after transportation of each patient.

(v) Oxygen cylinders, regulating valve, face mask, and foot operated suction apparatus with catheters to be supplied by contractor.

(vi) Interior of ambulance to be kept free of dust, dirt, grit, and in a sanitary condition at all times.

(vii) The contractor to give the Department of Veterans Affairs priority on all calls.

(viii) The Department of Veterans Affairs does not assume responsibility for any claims for damages arising from this service.

(ix) The contract may be cancelled at any time by the Department of Veterans Affairs if service is not satisfactory.

(d) Each contract was awarded on the basis of the lowest tender received.

SALES TAX EXEMPTION FOR WINTER CONSTRUCTION

Question No. 803—**Mr. Valade:**

Is the government giving consideration to the exemption from the 11 per cent tax on building materials to be used in the construction, repair or renovation of buildings during the winter in order to alleviate unemployment during that period?

Mr. Benson: This question has now been answered by the statement of the Minister of Finance on Monday evening.

[Mr. Carter.]

*NUMBER OF UNEMPLOYED, MONTREAL

Question No. 805—**Mr. Valade:**

1. How many unemployed are there at present on the island of Montreal?
2. What Canadian cities have a higher average of unemployed than Montreal in proportion to their population?
3. What was the number of unemployed in Montreal in June 1962?
4. Has the federal government any projects in view other than the construction of the C.B.C. building in the east end, and the world exhibition, in order to alleviate unemployment in Montreal?

Mr. Byrne: 1. Official estimates of unemployment are not available for the island of Montreal.

2 and 3. This information is not available.

4. Projects of various kinds and sizes will be carried out in the Montreal area either by federal departments and agencies or with assistance from them. These will be undertaken for a number of reasons including the alleviation of unemployment.

INTEGRATION OF ARMED FORCES SERVICES

Question No. 818—**Mr. Matheson:**

Has any study been conducted by the Department of National Defence respecting the advisability of effecting integration of the following navy, army and air force services: (a) pay and accounts (b) supply (c) medical (d) chaplaincy (e) construction engineering and, if so, what were the conclusions of such study?

Mr. Hellyer: Yes, as follows:

(a) A study is being conducted into the advisability of integrating pay and pay accounts.

(b) Single service supply responsibilities have been allocated in many fields, e.g., food, medical supplies, small arms, certain types of ammunition and warfare equipment. Single supply responsibilities include responsibility for design, cataloguing, publications, provision of funds, determination of requirements and in some cases the receipt, issue and disposal of stores. Centralized, co-ordinated procurement is in effect, as well as a large measure of inspection. A study to determine whether commodity groups have sufficient common usage to warrant integration is being conducted.

(c) The armed forces medical services were combined in 1959 into one unified medical service under an officer designated as the surgeon general.

(d) Integration of the chaplains services at national defence headquarters and at commands was introduced in 1958. The object was to facilitate policy direction and to provide effective and efficient co-ordination in the organization and administration of the chaplains services.

(e) A study dealing with the integration of construction engineering facilities and staff is being conducted.

OLD AGE PENSION INCREASE

Question No. 826—**Mr. Mather:**

Is it the government's intention to increase old age pension payments by $10 a month and, if so, will the $10 increase be made to persons on war veterans allowance?

Mr. Haidasz: (a) Any change in the amount payable under the Old Age Security Act will be announced by the government in the usual manner.

(b) Increases in payments under the Old Age Security Act are always granted to all pensioners.

CANADIAN AID TO CARIBBEAN COUNTRIES

Question No. 830—**Mr. Matheson:**

1. What, if anything, has the federal government done during the years 1958, 1959, 1960, 1961 and 1962 to provide external aid for the following commonwealth countries (a) the British West Indies (the Bahamas, Trinidad and Tobago, the Leeward islands including Anquilla and Barbuda and the Windward islands and Barbados) (b) Jamaica (c) British Guiana (d) British Honduras?

2. Has the federal government selected any area for a major effort in overseas aid during what the United Nations have characterized as "the development decade", and, if so, what area?

Questions

3. Has Canada heretofore provided any assistance to Caribbean countries in the following directions (a) mapping and soil surveys (b) mineral exploration (c) developing new crops (d) developing new uses for available raw materials (e) finding new fish and marine resources (f) solving power needs and communication problems (g) the provision of experts, and, if so, when and to whom?

4. What, if anything, has the federal government done to conceptualize, plan or co-ordinate aid to Caribbean countries from (a) universities (b) corporations (c) co-operatives (d) trade unions (e) voluntary societies?

Mr. Stewart: 1. In each of the years mentioned Canadian external aid in the form of capital projects and technical and educational assistance has been extended to the West Indies Federation, which included Jamaica, at an average annual level of $2 million. British Guiana and British Honduras during these same years have been eligible for assistance under our commonwealth technical assistance program and to each of these countries $50,000 has been allocated annually in recent years. In addition, students from the islands comprising the West Indies Federation as well as from British Guiana and British Honduras have been awarded scholarships in Canadian universities under the commonwealth scholarship and fellowship program.

Capital assistance to the area has included the following major items:

Projects	Recipient	Completion
Two cargo passenger vessels for inter-island traffic	—	Delivered 1961
Forest inventory survey	Dominica	Completed 1962
Vocational school equipment	St. Kitts	Delivered 1960
Deep water wharf	St. Vincent	Scheduled completion Nov. 1963
University residence hall	Trinidad	Scheduled completion Oct. 1963
Port handling equipment	Barbados Grenada Dominica St. Kitts	Delivery in 1963
Primary schools	Grenada Antigua Dominica	In design stage, construction to commence this fall.
Port warehouses	St. Lucia St. Kitts	Construction to commence this fall.
Drilling and development of fresh water wells	St. Kitts Nevis Anguilla Montserrat	Started 1962 scheduled completion September 1963.
Construction equipment	British Guiana	Delivered in 1961 and 1962.
Technical education equipment	British Guiana	Delivered in 1961 and 1962.
Survey and firefighting equipment	British Honduras	Delivered in 1961 and 1962.

Technical and educational assistance has included 100 scholars brought to Canada for courses of study from the West Indies Federation, British Guiana and British Honduras, since 1958. During the same period 41 Canadian teachers and advisers have been sent to the area as follows:

Teachers

Year of Commencing Assignment	Recipient Country	Subject
1958	Trinidad	1 vocational education adviser
1960	Jamaica	1 teacher trainer for maths and science 2 teacher trainers
	St. Kitts	1 shop director 2 vocational instructors
	St. Lucia	1 teacher trainer
	St. Vincent	1 teacher trainer for maths
1961	British Guiana	1 teacher of electricity
	Jamaica	1 primary teacher trainer
1962	Barbados	1 teacher trainer
	British Guiana	1 lecturer in mechanical engineering 1 instructor in electricity
	Dominica	1 primary teacher trainer
	Grenada	1 teacher of industrial arts
	St. Lucia	1 primary teacher trainer

Advisers

1958	Trinidad	1 forestry adviser 1 housing adviser 1 geological survey adviser 1 fisheries adviser 1 soil survey adviser 1 statistical adviser
1959	Jamaica	1 harbour management adviser
	Trinidad	1 film unit adviser 1 harbour survey adviser 1 broadcasting engineer 1 broadcasting adviser 1 postal adviser 1 legal drafting adviser 1 postal services adviser 1 harbour survey adviser
1960	British Honduras	1 land surveyor
	Jamaica	1 mechanical tabulation adviser
	St. Lucia	2 soil surveyors
	Trinidad	1 housing adviser
1961	British Honduras	1 forest adviser
1962	British Honduras	3 instrument men

2. No area has been specially selected for a major Canadian aid effort although in dollar terms the largest recipients of Canadian assistance have been India and Pakistan.

3. Answered by reply to question 1.

4. While the Canadian government cannot direct the form or content of assistance extended by private organizations such as universities, corporations, co-operatives, trade unions and voluntary societies, nevertheless many such organizations have consulted and received advice from the appropriate federal authorities concerning assistance to the Caribbean area.

[Mr. Stewart.]

GOLF CLUBHOUSE, CAPE BRETON HIGHLANDS PARK

Question No. 831—**Mr. Muir (Cape Breton North and Victoria):**

1. On what date were tenders called for the construction of a new golf clubhouse at the Cape Breton Highlands national park?

2. What was the closing date of this tender call?
3. What were the names and addresses of the firms submitting tenders, and the amounts tendered?
4. Has a contract been awarded and, if not, for what reason?

Mr. Turner: 1. Newspaper advertisements appeared on April 5 and April 6, 1963.

2. May 7, 1963, at 3 p.m.

3. M. R. Chappell Limited, Sydney, Nova Scotia, $119,275.00; Stephens Construction Limited, Sydney, Nova Scotia, $133,998.00; Maritime Builders Limited, Sydney, Nova Scotia, $139,360.00.

4. No. While the present clubhouse is not fully adequate, a review of construction priorities has indicated that the limited funds available must be directed to other and more pressing needs in national parks.

CHECK OF CHARITABLE DONATIONS, ROUYN-NORANDA

Question No. 838—**Mr. Caouette:**

1. Has the Department of National Revenue instructed its income tax officials in Rouyn-Noranda to visit the presbyteries in order to check charitable donations receipts?
2. Do these officials have the authority to cancel claims submitted by taxpayers?

(Translation):

Mr. Garland: 1. Income tax officials are authorized to call on people who give out receipts for charitable donations in order to make sure that those receipts are genuine and that the organization issuing them has really received the amounts claimed as deductions for charitable purposes. Under that general authorization, the officials in Rouyn have visited some rectories.

2. Those officials have the power to reject or reduce claims submitted for charitable donations when they have reason to believe that the donations were smaller than the amounts claimed. Taxpayers have the statutory right to appeal when they feel that they have grounds to do so.

(Text):

ROUYN, QUE.—UNEMPLOYMENT INSURANCE CLAIMS AND JOB PLACEMENTS

Question No. 839—**Mr. Martineau:**

1. How many claims for unemployment insurance benefits have been filed with the unemployment insurance commission office at Rouyn since April 21, 1963?
2. How many claims have been approved?
3. How many persons have registered with the placement office at Rouyn since April 21, 1963?
4. How many persons so registered have found employment through the U.I.C. since April 21, 1963?

Mr. Byrne: 1. 3,190. (Note) Figures for claims filed and approved are available on a monthly basis only. This answer is therefore based on the April and May reports, the June report has not yet been received.

Questions

2. 2,634. See note in No. 1.

3. Data are available on a monthly basis only. Total registrations for employment received at the national employment office in Rouyn were 2,133 in April and 1,402 in May, 1963.

4. Data are not available on how many of those in (3) above were placed; however, total placements effected by the Rouyn office were as follows: April—397; May—685.

QUEBEC—FEDERAL INSPECTION OF MEAT

Question No. 842—**Mr. Laprise:**

1. Has the department of health of the province of Quebec invited the federal government to assume responsibility for the inspection of meat intended for human consumption in that province?
2. What is the policy of the government in this respect?

Mr. Haidasz: 1. The Department of National Health and Welfare has not been asked by the province of Quebec to assume any provincial responsibility for the inspection of meat.

2. The food and drug directorate of the Department of National Health and Welfare inspects abbatoirs, except those under the jurisdiction of the federal Department of Agriculture, to determine the sanitary conditions under which meat is produced. The directorate does not conduct ante- or post-mortem inspections of meat; such inspections are conducted variously by the municipalities, provinces and the federal Department of Agriculture.

CANADIAN CLAIM TO ARCTIC ISLANDS

Question No. 843—**Mr. Groos:**

1. What is the basis of Canada's claim to sovereignty over the islands in the Arctic archipelago?
2. Do both the United States and the U.S.S.R. recognize this claim?

Mr. Stewart: 1. Canadian sovereignty over these areas of the Arctic has been established mainly by continuous effective occupation since 1870, when Canada succeeded to the rights of Great Britain and began to provide for the administration of the Canadian Arctic. This sovereignty has remained undisturbed and—but for a dispute with Norway over the Sverdrup islands in 1930, which was subsequently settled in favour of Canada—has remained unchallenged.

Attention is directed to the statement made by the then minister of northern affairs and national resources to the House of Commons special committee on estimates on March 23, 1955. This will be found on page 447 of the proceedings of the special committee.

2. On March 10, 1959, the then secretary of state for external affairs said at page 1822 of *Hansard* in answer to a similar question

in the House of Commons posed by the hon. member for Assiniboia, Mr. Argue:

A search of departmental records has failed to disclose any dispute since 1900 between Canada and either the Union of Soviet Socialist Republics or the United States concerning the ownership of any portion of the Canadian Arctic.

The situation has not changed since March 1959.

SALE OF TRAVELLERS' CHEQUES

Question No. 844—**Mr. Thompson:**

1. How many firms (other than banks) are engaged in the business of issuing and selling travellers' cheques in Canada?
2. What supervision is exercised by the federal government over the issue of travellers' cheques by institutions other than banks?

Mr. Benson: 1. The federal government does not receive any report with respect to persons (other than banks) engaged in the issue and sale of travellers' cheques in Canada.

2. None.

MAIL SERVICE, TORONTO-HUNTSVILLE

Question No. 845—**Mr. Smith:**

1. Has a contract been awarded for a temporary mail service between Toronto and Huntsville, estimated to start approximately June 24, and, if so, to whom was the contract awarded, and at what price?
2. Was it awarded to the lowest bidder?

Mr. Denis: 1. No contract has been awarded but a temporary arrangement has been entered into with James Bruce Nesbitt (Barrie Delivery Service) of Barrie, Ontario, commencing June 24, 1963, at the rate of $19,977 per annum.

2. Yes.

BUTTER AND BUTTER OIL IN STORAGE

Question No. 851—**Mr. Doucett:**

1. What was the amount of butter the government had in storage as of January 1, 1962?
2. What was the amount of butter oil the government had in storage as of January 1, 1962?
3. What was the amount of butter the government had in storage on the first day of each month in 1963?
4. What was the amount of butter oil the government had in storage on the first day of each month in 1963?

Mr. Hays: 1. The agricultural stabilization board had 114,585,624 pounds of butter in storage as of January 1, 1962.

2. The agricultural stabilization board had 54,820,476 pounds of butter oil in storage as of January 1, 1962.

3. The agricultural stabilization board had in storage the following quantities of butter on the first of each month in 1963: January 1, 120,215,805 pounds; February 1, 110,647,143 pounds; March 1, 99,800,287 pounds; April 1, 90,852,683 pounds; May 1, 88,363,736 pounds; June 1, 91,329,979 pounds; July 1, 104,484,355 pounds.

4. The agricultural stabilization board had in storage the following quantities of butter oil on the first day of each month in 1963: January 1, 82,008,072 pounds; February 1, 81,937,008 pounds; March 1, 81,882,036 pounds; April 1, 81,702,162 pounds; May 1, 81,702,162 pounds; June 1, 81,645,840 pounds; July 1, 81,598,158 pounds.

FARM MACHINERY IMPORTS AND EXPORTS

Question No. 853—**Mr. Smith:**

1. What was the dollar value of farm machinery exported from Canada to other countries, excluding the United States, in each of the years 1944 to 1962 inclusive?
2. What was the dollar value of farm machinery imported into Canada from countries, other than the United States, in each of the years 1944 to 1962 inclusive?

Mr. Pepin: 1 and 2. The dollar value of farm machinery (including tractors) exported from Canada to other countries, excluding the United States, and imported into Canada from countries, other than the United States, in each of the years 1944 to 1962 inclusive:

Year	Exports	Imports
1944	$ 7,560,147	$ 79,612
1945	11,202,242	304,159
1946	14,201,212	566,344
1947	18,759,208	797,088
1948	23,184,949	2,545,475
1949	22,313,261	4,088,778
1950	17,150,688	9,059,953
1951	22,942,908	7,497,724
1952	21,683,648	7,127,565
1953	16,194,327	6,358,337
1954	23,473,479	6,137,294
1955	12,586,084	5,097,872
1956	11,876,308	5,348,678
1957	10,267,695	7,891,579
1958	7,266,677	8,325,343
1959	5,082,353	18,880,386
1960	5,791,880	18,443,433
1961	7,627,733	21,733,450
1962	7,804,337	25,588,501

NUCLEAR ARMS AS DEFENCE MEASURE

Question No. 855—**Mr. Mather:**

1. Is the government aware of the statement by President Kennedy of the United States to the effect that one nuclear bomb can release more explosive power than ten times the amount delivered by all allied air forces in world war II?
2. Does the government consider that the acquisition of nuclear arms by Canada is a useful defence measure?

Mr. Hellyer: 1. The government is aware of a speech made by the President of the United States from which this statement has been taken out of context.

2. The government considers that the storage of nuclear warheads to be earmarked for certain defensive weapon systems already acquired for the Canadian forces is a useful defence measure.

*REPORTED OVERPRODUCTION OF NUCLEAR WEAPONS

Question No. 856—**Mr. Mather:**

Is the government giving consideration to reports that U.S. defence officials believe there is a gross overproduction of nuclear weapons?

Mr. Stewart: As Canada is not a country which produces nuclear weapons and since such nuclear capable weapons as we have are intended to fulfil defence requirements which are not dependant on future production, any intention on the part of the U.S. government to cut back production on atomic weapons would not have a bearing on the availability of warheads for the weapon systems now held by the Canadian armed forces.

NUMBER OF SUICIDES

Question No. 857—**Mr. Mather:**

1. How many persons committed suicide in Canada in 1959, 1960, 1961 and 1962?
2. How many other causes of death outrank suicide, and what are they?
3. What is the estimated number of attempted suicides in relation to successful suicides?

Mr. Pepin: 1. The following are the numbers of suicides in Canada in: 1959, 1,287; 1960, 1,350; 1961, 1,366; 1962, 1,331.

2. According to a commonly accepted grouping of causes of death, there were 11 causes in 1962 that outranked suicide. They are: 1st, heart disease; 2nd, cancer; 3rd, vascular lesions affecting central nervous system; 4th, accidents; 5th, pneumonia; 6th, diseases of arteries; 7th, congenital malformations; 8th, diabetes mellitus; 9th, post natal asphyxia and atelectaisis; 10th, nephritis; 11th, birth injuries; 12th, suicide.

3. For 1960, the latest year for which figures are available, there were 207 convictions for attempted suicide. In that year there were 1,350 deaths due to suicide. The ratio of the first figure to the second is: 0.1533; or 15.3 per cent.

CONSTRUCTION OF PENITENTIARY, SWEETSBURG, QUE.

Question No. 859—**Mr. Rondeau:**

In connection with the construction of a penitentiary at Sweetsburg, Quebec (a) what amount has been spent to date on this project (b) what are the names of the firms which were awarded these contracts (c) what are the nominal amounts of these contracts (d) is construction work now suspended and, if so, since when, and for what reasons (e) has the project been abandoned (f) will a similar construction project be undertaken in St. Jean-Iberville-Napierville?

Mr. Macdonald: (a) $92,840.81.

(b) Contract was awarded to B & M Construction of Sweetsburg on March 8, 1963.

(c) Contract amount is $362,298.

(d) No.

(e) No.

(f) No.

(Translation):

ROYAL MINT AND CANADIAN BANK NOTE CO.

Question No. 861—**Mr. Rondeau:**

1. Is the Royal Mint in Ottawa an agency of the government of Canada?
2. What is its function?
3. What procedure does the Bank of Canada follow in dealing with the Canadian Bank Note Company Ltd.?
4. Does the Canadian Bank Note Company Ltd. produce paper money for the Bank of Canada?
5. Does the Canadian Bank Note Company Ltd. produce paper money for its own account and then lend it to the Bank of Canada?

Mr. Benson: 1. The Ottawa mint, established as a branch of the Royal Mint, London, under the (Imperial) Coinage Act, 1870, and opened January 2, 1908, was by 21-22 Geo. V., ch. 48, constituted a branch of the Department of Finance and by the proclamation of November 14, 1931, it has, since December 1, 1931, operated as the Royal Canadian Mint.

2. The principal functions of the mint are: the execution of domestic and foreign coin; the refining of gold and silver; the acquisition of gold, silver and other metals, payments for which are made on the basis of mint assays; the control, preparation and movement of gold and coin shipments; the safeguarding of mint holdings of monetary metals, including coin and precious metals in various processing stages until finished and issued; the fabrication and engraving of dies for coinage, medals, signatures and official seals; the issue of coin sets to numismatists and the administration of various regulations issued under the terms and provisions of the Currency, Mint and Exchange Fund Act, R.S. 1952, ch. 315.

3. Not a matter of public record.

4. Yes.

5. No.

(Text):

HARBOUR DEVELOPMENT, LITTLE RIVER, N.S.

Question No. 862—**Mr. Muir (Cape Breton North and Victoria):**

Has the Department of Public Works any plans for the further development of the harbour at

Little River, Victoria county, Nova Scotia, and, if so, when will this work commence, and to what extent?

Mr. Badanai: This will depend on the results of a study being carried out at the present time. The extent and scheduling of any work must await the completion of this study.

TARIFF BOARD DECISION ON EDIBLE OILS

Question No. 864—**Mr. Danforth:**

1. Has the tariff board given to the Department of Agriculture their ruling on the submission made by the Ontario soya-bean growers association and other interested parties with regard to an increase in Canadian tariffs on imports into Canada of edible oils and, if so, what decision was arrived at by the tariff board?
2. If the report has not been received, when may it be expected?

Mr. Hays: 1. No.

2. The Department of Agriculture does not expect to receive this report until such time as it is tabled by the Minister of Finance.

SHELBURNE, N.S., PUBLIC BUILDING

Question No. 866—**Mr. Crouse:**

1. When were tenders called for the dominion public building at Shelburne, Nova Scotia?
2. Has the contract been let?
3. Is the building to be constructed on the site on King street, Shelburne?

Mr. Badanai: 1. April 17, 1963.

2. No.

3. Yes, at the northeast corner of King and Mowatt streets.

BREAKWATER REPAIRS, FELTZ SOUTH, N.S.

Question No. 867—**Mr. Crouse:**

1. When were tenders called for breakwater repairs at Feltz South, Lunenburg county, Nova Scotia?
2. Has the contract been let?
3. What is the name of the successful contractor, and the amount of his bid?

Mr. Badanai: 1. April 17, 1963.

2 and 3. Yes, to Naugle's Sand and Gravel Company Limited of West Lawrencetown, N.S., at $45,466.28. However, it has now been decided to postpone construction as it has been determined that the repairs necessary are more extensive than called for in the specifications. The contractor has been advised and has agreed to the termination of the contract.

*SUCCESSION DUTIES COLLECTED, QUEBEC

Question No. 870—**Mr. Pigeon:**

What is the total amount of succession duties collected by the federal government in the province of Quebec during the years 1960-61 and 1961-62?

Mr. Garland: This information is available in government publication, "1962 Taxation Statistics" on page 19.

[Mr. Muir (Cape Breton North and Victoria).]

*PERSONAL INCOME TAX COLLECTED, QUEBEC

Question No. 871—**Mr. Pigeon:**

What is the total amount of personal income tax collected by the federal government in the province of Quebec during the years 1960-61 and 1961-62?

Mr. Garland: This information is available in government publication "1962 Taxation Statistics" on page 18.

*CORPORATION INCOME TAX COLLECTED, QUEBEC

Question No. 872—**Mr. Pigeon:**

What is the total amount of corporation income tax collected by the federal government in the province of Quebec during the years 1960-61 and 1961-62?

Mr. Garland: This information is available in government publication "1962 Taxation Statistics" on page 18.

EXPIRATION OF TERMS, WHEAT BOARD COMMISSIONERS

Question No. 875—**Mr. McIntosh:**

1. When do the present terms of the (a) chief commissioner (b) assistant chief commissioner and (c) commissioners of the Canadian wheat board, expire?
2. What is the normal age of retirement of personnel appointed to the Canadian wheat board?

Mr. Beer: 1. Section 3, subsection 3 of the Canadian Wheat Board Act provides the following: "Each commissioner holds office during good behaviour but may be removed for cause at any time by the governor in council, but no commissioner shall hold office beyond the age of seventy years".

2. Under the provisions of the employee retirement plan of the Canadian wheat board of which the commissioners are members, the normal retirement age for male personnel is 65 years but as provided in the Statute, commissioners may continue in office until age 70.

SOVIET BOMBER STRENGTH

Question No. 880—**Mr. Douglas:**

1. As of January 1 each year from 1957 to 1963, how many Soviet bombers by types, have been estimated capable of making at least a one-way attack on the main industrial areas of southern Canada and the northern United States?
2. Can each of these Soviet bombers carry H-bombs and, if so, (a) how many H-bombs can each type of Soviet bomber carry (b) what is the estimated total megatonnage of the H-bomb or H-bombs that can be carried by each Soviet bomber of each type?
3. What percentage of these Soviet bombers is it estimated that the active air defences of NORAD would destroy (a) before they reach their target or bomb release position (b) before they reach the 54th parallel (c) before they reach the 60th parallel (d) before they reach mainland Canada?

Mr. Hellyer: 1, 2 and 3. Since the information requested is classified it should be appreciated that it would not be in the public interest for the government to answer these questions.

SOVIET INTERCONTINENTAL BALLISTIC MISSILES

Question No. 881—**Mr. Douglas:**

As of January 1, each year from 1957 to 1963, how many Soviet intercontinental ballistic missiles have been estimated capable of striking the main industrial areas of southern Canada and the northern United States?

Mr. Hellyer: Since the information requested is classified it should be appreciated that it would not be in the public interest for the government to answer this question.

ABSENTEE VOTING

Question No. 886—**Mr. Mather:**

Is the government giving consideration to amending the Canada Elections Act in order to provide for absentee voting?

Mr. Dupuis: Parliament, not the government, amends the Canada Elections Act. There is a motion on the order paper to authorize the committee on privileges and elections to consider appropriate amendments to the Canada Elections Act.

(Translation):

[*Editor's note: The following question was answered by the minister on Monday, July 8.*]

EXECUTIVE ASSISTANT TO PRESIDENT OF PRIVY COUNCIL

Question No. 627—**Mr. Fisher:**

1. Has the President of the Queen's Privy Council for Canada taken an executive assistant or a special assistant on staff and, if so, what is this person's name, age, place of birth, institutions of education and educational qualifications, governmental or business experience (position held, length of experience, name of firm) and initial and present salary with the government?
2. What length of time has this assistant undertaken to serve the President of the Privy Council and/or what engagement in length of time was given to the assistant by the minister?
3. In brief, what particular qualities of this assistant led the President of the Privy Council to engage him?

Mr. Lamontagne: 1. Yes, the President of the Queen's Privy Council has taken an executive assistant. The position was given to Gerard Brady, 50, born in Quebec city. He received his secondary education in St. Hyacinthe, under direction of Professor Bergeres. He also studied social, economic and political sciences at the University of Montreal and attended the course in journalism at the "École universelle de Paris".

Mr. Brady, who was the founder of the newspaper *L'Homme Libre* had a career of 20 years in journalism. He was president of the "Association des hebdomadaires de langue française du Canada" and he continues to sit on the board of directors of that association, which has more than a hundred newspaper members across Canada, as an honorary life director.

He was chairman of the "Canadian Unity Week", a joint project of the "Association des hebdos" and the Canadian Weekly Newspapers Association, which from 1947 to 1952 exchanged editorials promoting good relations between ethnic groups in Canada.

Mr. Brady also headed a firm of consultants in public relations, advertising writing, translation and public information known as the "Service d'information Drummond". He was also a C.B.C. commentator for about ten years. In the past few years he held the position of secretary general of the Liberal federation of Quebec. His initial and present salary is $12,000.

2. During pleasure.

3. Mr. Brady was hired because of his experience in newspaper and public relations work. We also took into account his knowledge of the problems of binationalism and biculturalism across Canada, his personality and his capacity for discussing matters and problems put to him.

(Text):

QUESTIONS PASSED AS ORDERS FOR RETURNS

HARDWOOD USED IN FEDERAL BUILDINGS

Question No. 364—**Mr. Martineau:**

In their specifications, is it the practice of the architects of the Department of Public Works or of other departments or crown corporations to insist on hardwoods produced in other countries for furniture and woodwork required by the government or crown corporations and, if so, what are the reasons for this practice?

BANKRUPTCIES, QUEBEC AND CANADA

Question No. 700—**Mr. Latulippe:**

1. What is the total number, the amounts involved, and the nature of bankruptcies in the province of Quebec during the last five years, and who suffered the losses?
2. What is the total number, the amounts involved, and the nature of bankruptcies in Canada and in each of the other provinces during the last five years, and who suffered the losses?

Mr. Macdonald: Return tabled.

FINES IMPOSED UNDER COMBINES ACT

Question No. 739—**Mr. Orlikow:**

Since January 1, 1939, have any persons or corporations been fined for infractions of the Combines Investigations Act or section 411 or 412 of the Criminal Code and, if so (a) what are the names of the persons or corporations so fined (b) what was the amount of the fine in each case (c) when was the fine imposed (d) what infractions occasioned the fine?

Mr. Macdonald: Return tabled.

Motions for Papers

DEPARTMENTAL FUNCTIONS AT RIDEAU CLUB, OTTAWA

Question No. 759—**Mr. Orlikow:**

1. How many functions were held at the Rideau club by various government departments in the past three years?
2. Which departments held such functions?

NATIONAL RESEARCH COUNCIL SCIENTISTS

Question No. 767—**Mr. Howe (Hamilton South):**

1. What is the national research council definition of a scientist?
2. According to this definition, how many scientists are there in each department?
3. What is the age and salary of each?

Mr. Drury: Return tabled.

PUBLIC WORKS EXPENDITURES, BERTHIER-MASKINONGE-DELANAUDIERE CONSTITUENCY

Question No. 850—**Mr. Paul:**

1. What were the total expenditures on public works in the constituency of Berthier-Maskinonge-Delanaudiere during each of the fiscal years 1958-59, 1959-60, 1960-61, 1961-62 and 1962-63?
2. For each of these fiscal years, on what public works projects were expenditures made?
3. During 1963-64, what is the estimated total expenditure for public works in the above constituency, indicating in each case the nature and the amount of the expenditure?

MOTIONS FOR PAPERS

WHEAT AGREEMENT WITH RED CHINA

Motion No. 26—**Mr. Fisher:**

That an humble address be presented to His Excellency praying that he will cause to be laid before this house a copy of the long term agreement signed by the Canadian wheat board and the China Resources Company covering the period June 1, 1961 to December 19, 1963.

Mr. Sharp: May I speak to both this and the following motion, which are closely related. These motions relate to an agreement dated April 22, 1961, entered into between the Canadian wheat board and the China National Cereals, Oils and Foodstuffs Import and Export Corporation, and to contracts pursuant thereto between the Canadian wheat board and the China Resources Company. After discussions with the Canadian wheat board and its advisory committee I am satisfied it would not be in the interest of the board as the selling agency for western wheat to produce either the long term agreement or the contracts entered into pursuant to that agreement. Such agreements and contracts between the board and its customers have never been produced.

There is no objection, however, to making public certain information contained in these documents. Indeed, much of it is already public knowledge and has appeared in the reports of the board and in the public press.

[Mr. Macdonald.]

The only information that hon. members have inquired about in the past that does not seem to have become available is the date on which the long term agreement was signed in Peking, April 22, 1961. I was not here at the time, but this reluctance seems to have had something to do with the whereabouts of the former minister of agriculture on that particular day.

I have seen the hon. member and I understand he is prepared to accept production of the following information extracted from the long term agreement and the contracts: 1. The date of the long term agreement; 2. the names of those who signed on behalf of the Canadian wheat board; 3. the minimum and maximum quantities of wheat and barley covered by the long term agreement; 4. the quantities of wheat and barley actually sold under the agreement, and 5. the terms of payment.

Mr. Fisher: I am pleased to have the information stated by the minister. I wish to point out to the house that these two motions were drafted by the hon. member for Ottawa West some time ago and were voted down in the house. I did not want to push them as far as that, or to take up so much of the time of the house with them, but I thought it was worth while making it possible for hon. members to see that there does seem to be a difference in attitude depending upon where you sit.

Mr. Speaker: Is the motion agreed to, subject to the reservations made by the minister?

Some hon. Members: Agreed.

Motion agreed to.

WHEAT CONTRACTS WITH RED CHINA

Motion No. 27—**Mr. Fisher:**

That an humble address be presented to His Excellency praying that he will cause to be laid before this house a copy of all contracts entered into between the Canadian wheat board and the China Resources Company for the sale of grain under the long term agreement between the Canadian wheat board and the China Resources Company.

Mr. Speaker: With regard to this motion, does the same agreement apply as in the case of the preceding motion?

Motion agreed to.

CANCELLATION OF CONTRACT WITH FAIRFIELD COMPANY, OWEN SOUND, ONT.

Motion No. 40—**Mr. Brewin:**

That an order of the house do issue for a copy of all agreements, correspondence or other documents exchanged between the Department of Defence Production or any other representative of the federal government and H. J. Fairfield Company Limited at Owen Sound for the cancellation of any contract or agreement for the supply of army stocks.

Mr. Drury: The government has no objection to the motion, and I am prepared to table the documents as soon as it is agreed to.

Motion agreed to.

CORRESPONDENCE WITH WATER RESOURCES BRANCH

Motion No. 41—**Mr. Herridge:**

That an order of the house do issue for a copy of all correspondence, telegrams and other documents exchanged between the deputy minister of northern affairs and national resources and any of the staff of the water resources branch in Ottawa and the representatives of any non-government organization or other persons between January 1, 1961, until July 1, 1963.

He said: I should like to explain that there has been a very satisfactory renegotiation of the terms of this motion as a result of which we have come to a wholly satisfactory agreement as to the correspondence to be produced, without any surrender of sovereign rights, personal honour or dignity. So I am willing that the motion should be dropped.

Motion dropped.

SALES TAX ON BUILDING MATERIAL

Motion No. 46—**Mr. Gregoire:**

That an humble address be presented to His Excellency praying that he will cause to be laid before this house a copy of all correspondence, telegrams and other documents exchanged between the government, the Minister of Finance, employees of the Department of Finance or of any of its other branches, departments or employees, and any association, individual, organization, public body or group in connection with any protests on the withdrawal of the eleven per cent tax on building material.

Mr. Pickersgill: The government has no objection to this motion, but it is almost exactly similar to one which was passed last week and to several others which were dealt with last week. It asks for virtually the same correspondence that was asked for by the hon. member for Selkirk. Perhaps it could be understood there would be only one production in response to all these motions so that we would not have to get documents copied over and over again. If there is anything in the hon. gentleman's motion which was not called for in the motion of the hon. member for Selkirk, that would be produced separately.

Mr. Speaker: Is the motion agreed to, subject to the reservation expressed by the minister?

Some hon. Members: Agreed.

Mr. Speaker: Do I understand that the same reservation would apply to the other motion?

Mr. Pickersgill: I think the motion is acceptable as it is.

Mr. Speaker: My question is, does it apply to the subsequent motion standing in the name of the same hon. member?

Mr. Pickersgill: I think the subsequent motion stands on its own feet.

Motion agreed to.

WITHDRAWAL OF 30 PER CENT TAX ON SHARE SALES

Motion No. 47—**Mr. Gregoire:**

That an humble address be presented to His Excellency praying that he will cause to be laid before this house a copy of all correspondence, telegrams and other documents exchanged between the government, the Minister of Finance, employees of the Department of Finance or of any of its other branches, departments or employees, and any association, individual, organization, public body or group in connection with any protests on the withdrawal of the 30 per cent tax on the sale of Canadian shares to non-residents.

Motion agreed to.

ACQUISITION BY QUEBEC OF SOULANGES CANAL

Motion No. 49—**Mr. Pigeon:**

That an humble address be presented to His Excellency praying that he will cause to be laid before this house a copy of all correspondence, letters and telegrams exchanged between the Department of Transport and the government of Quebec on the acquisition of Soulanges canal.

Mr. McIlraith: There is no objection to this motion subject to the usual reservation as to the consent of the province.

Mr. Speaker: Subject to the reservation stated by the minister is the motion agreed to?

Some hon. Members: Agreed.

Motion agreed to.

CONSTRUCTION OF "MANÈGE MILITAIRE", THETFORD MINES, QUE.

Motion No. 50—**Mr. Langlois:**

That an order of the house do issue for a copy of all telegrams, letters and other correspondence exchanged between different members of the Canadian army staffs and the Minister of National Defence, the Minister of Defence Production, and their assistant, concerning the construction of the future "manège militaire" of Thetford Mines, P.Q.

Mr. Pickersgill: I understood the hon. member was prepared to let this motion stand today.

Mr. Langlois: Until I have had a meeting with the minister in question. I understand there are certain reservations likely to be made.

Motion stands.

GLASSCO COMMISSION STUDIES RESPECTING C.B.C.

Motion No. 52—**Mr. Douglas:**

That an humble address be presented to His Excellency praying that he will cause to be laid

before this house a copy of all studies done by the Glassco commission in respect of the Canadian Broadcasting Corporation.

Mr. Fisher: May I move this on behalf of my hon. friend?

(Translation):

Hon. Maurice Lamontagne (President of the Privy Council): Mr. Speaker, in the absence of the hon. member who has introduced this motion, I suggest that it stand.

(Text):

Motion stands.

CONTRACTS WITH OUTSIDE CONSULTANTS, FINANCE DEPARTMENT

Motion No. 53—**Mr. Knowles:**

That an humble address be presented to His Excellency praying that he will cause to be laid before this house a copy of the contracts entered into with Mr. D. C. H. Stanley, Mr. M. P. O'Connell and Mr. G. R. Conway, under treasury board minute T.B. 610618, dated May 2, 1963, and a copy of the contract entered into with Mr. R. J. Anderson, under treasury board minute T.B. 610952, dated May 17, 1963.

Motion agreed to.

UNITED NATIONS

CONGO—ANNOUNCEMENT OF WITHDRAWAL OF TROOPS

On the orders of the day:

Right Hon. J. G. Diefenbaker (Leader of the Opposition): Mr. Speaker, I should like to direct a question to the Secretary of State for External Affairs, and ask him whether the announcement made by U Thant that the United Nations force is to be withdrawn from the Congo by the end of this year means that the situation in that country is so stable that the danger has passed, or does it signify that the U.S.S.R. and other members of the United Nations who have refused to pay their proportionate share of the cost of these peace keeping operations have in fact won their point and established a financial veto?

Hon. Paul Martin (Secretary of State for External Affairs): Mr. Speaker, the hon. member for Medicine Hat had given me notice of his intention to ask a somewhat similar question, and in acknowledging this question from the Leader of the Opposition I wish to let the hon. gentleman know that I have received notice of his intention to ask a question.

As the house is aware, the end of the Katanga secession removed the need for large numbers of United Nations troops in the Congo. In these circumstances it is my understanding that the secretary general, deeply concerned about the heavy drain on United Nations financial resources, hopes to withdraw United Nations forces from the Congo as soon as possible. The Canadian government both shares his concern and supports his objective in this regard.

With regard to the last portion of the Leader of the Opposition's question, as my hon. friend knows, at the special assembly of the United Nations, arrangements were made for the financial obligations arising out of the peace keeping operations of the United Nations in the Congo and UNEF until the end of 1963. What would have been the situation in respect of the Congo after 1963 but for the financial position in which the United Nations has found itself remain a conjecture. Undoubtedly the situation would have been easier if all member states of the organization had paid up both their normal assessments and what we believe to be their obligations with regard to peace keeping operations. It remains simply to say this, that the operations in the Congo of the peace keeping force of the United Nations, notwithstanding very great difficulties, represents the great utility, the great purpose and the indispensability of the United Nations in situations like this.

Mr. H. A. Olson (Medicine Hat): Mr. Speaker, I have a supplementary question to ask the Secretary of State for External Affairs. Aside from the financial commitments respecting peace keeping operations, my understanding is that the secretary general, U Thant, made a plea yesterday in Geneva for further belt tightening in other operations of the United Nations. A few days ago the minister made a statement to the house which indicated that all the financial commitments of the United Nations for the balance of this year had been arranged for. I wonder whether he could tell us why the secretary general is now making a plea for more belt tightening in other operations of the organization?

Mr. Martin (Essex East): Yes, Mr. Speaker, the hon. gentleman also gave me notice of his intention to ask this question, and I wish now to reply to it. When I reported to the house on June 25 about developments at the fourth special session of the United Nations general assembly I was referring exclusively to the problems of financing the peace keeping operations in the Middle East and the Congo. The arrangements made at the special session had to do mainly with the problem of finding funds for those operations for the six month period ending December 31, 1963. No progress was made on the problem resulting from the refusal of the Soviet union and certain other states to pay their share of the peace keeping assessments.

The continuation of this undesirable situation, and the heavy burden of these peace keeping expenditures, and the substantial increase in the size of the regular United Nations budget for other administrative costs has prompted the secretary general to make urgent pleas for strict economies in all fields of United Nations activity. In Geneva yesterday he was voicing his worries in relation to programs of economic and social development.

I might say to my hon. friend and to the house that the government of Canada shares fully his concern, and deeply regrets that it is not possible to deal with a peace keeping deficit of some $120 million when the nations of the world find it so easy to find money to provide armaments for defensive and other purposes.

YEMEN—REPORTED USE OF POISON GAS

On the orders of the day:

Mr. W. B. Nesbitt (Oxford): Mr. Speaker, I wish to direct a question to the Secretary of State for External Affairs. In view of the presence of Canadian personnel with the United Nations force in Yemen and the reported use of poison gas and other chemicals in that area by another country, which is reportedly being investigated by the secretary general, can the Secretary of State for External Affairs bring us up to date on whether or not chemical warfare is being carried on in this area and, if so, are any measures being taken to protect Canadian personnel in the area?

Hon. Paul Martin (Secretary of State for External Affairs): Mr. Speaker, I am aware of the reports to which my hon. friend directs our attention with regard to the use of poison gas against the local inhabitants in Yemen. These are of course grave charges, and the United Nations has announced that the acting commander of its observer mission has been asked to provide a report on the matter. The Canadian government is, of course, in close day to day contact with those authorities to whom our concern should be directed, through our permanent mission at the United Nations in New York with regard to the functioning of the U.N. observer mission, and particularly the responsibilities and the security of the Canadian personnel involved.

POWER

COLUMBIA RIVER—AGREEMENT BY FORMER GOVERNMENT RESPECTING DOWNSTREAM BENEFITS

On the orders of the day:

Mr. Gilles Gregoire (Lapointe): Mr. Speaker, I should like to ask a question of the Secretary of State for External Affairs. Did the former Conservative government agree to the sale of downstream benefits under the Columbia river treaty, thus accepting the propositions of Premier Bennett?

Hon. Paul Martin (Secretary of State for External Affairs): Mr. Speaker, I am glad my hon. friend asked this question. I might add that article 8 of the original treaty negotiated by the right hon. gentleman opposite and his colleague allowed for the possible sale in the United States of undefined portions of Canada's downstream power benefits on conditions and within limits which were initially to be agreed on as soon as possible after the ratification date.

[*Later:*]

On the orders of the day:

Mr. Jean-Pierre Côté (Longueuil): Mr. Speaker, I should like to direct a question to the Secretary of State for External Affairs. Was there any agreement between the British Columbia government and the government of Canada before the Columbia treaty was signed?

Mr. Martin (Essex East): Mr. Speaker, there was no such agreement between the government of Canada and the government of British Columbia, and if there had been there would not have been this delay.

[*Later:*]

Hon. D. S. Harkness (Calgary North): Mr. Speaker, I should like to direct a question to the Secretary of State for External Affairs. In his statement in connection with the agreement between British Columbia and the dominion government over the sale of downstream benefits there were two points which were not made clear. Can the minister inform the house how much of Canada's share of the downstream benefits it was agreed would be sold in the United States and for what period was it agreed that these downstream benefits should be sold?

Mr. Martin (Essex East): Mr. Speaker, these are matters that will be involved in the negotiations which I hope will begin very shortly with the United States. My hon. friend, with his great experience as a minister of the crown will appreciate how undesirable it would be at this stage to disclose any of the matters that will be covered by the negotiations between the two governments.

Mr. Harkness: Mr. Speaker, I think the minister has misapprehended my question. I asked him, what was the agreement between Canada and British Columbia on Canada's share of the downstream benefits which may be sold to the United States? Is it 50 per cent of Canada's share or is it 100 per

cent? In addition, I should like to know what agreement there was between the province and the dominion as to the period of time for which these benefits should be sold. The minister is no doubt aware that, to date these were the main sticking points so far as British Columbia was concerned.

Mr. Martin (Essex East): The agreement, of course, does not deal with the subject matter in the manner and in the context referred to by my hon. friend. The duration of the sale of downstream benefits is obviously a matter for negotiation, and I cannot at this time disclose that information to the house.

Mr. Harkness: I ask the minister if this is not the very matter that was to be negotiated with British Columbia? If not, what was to be negotiated?

Mr. Martin (Essex East): If my hon. friend will be good enough to look at the agreement, he will see it does not cover that question.

Mr. D. V. Pugh (Okanagan Boundary): May I ask a question of the Secretary of State for External Affairs? In the talks on the Columbia river treaty between the province of British Columbia and this government, was there any discussion of the increase in the cost of the project as a result of the 4-8-11 per cent sales tax on construction and production materials?

Mr. Martin (Essex East): The hon. member may be disappointed in my answer, but the answer is no.

Mr. T. S. Barnett (Comox-Alberni): I have a question to ask the Secretary of State for External Affairs arising out of his earlier statement today on the Columbia river treaty. My question is this. Is the government prepared to take action to have the present draft treaty on the Columbia river, together with the agreement between Canada and British Columbia which was tabled today, referred to the external affairs committee of this house prior to the resumption of any negotiations with the government of the United States?

Mr. Martin (Essex East): Mr. Speaker, this was one of the questions with which I should have liked to deal earlier, but I am glad to deal with it now. The British Columbia-Canada agreement will not be complete until we are able to attach to it a protocol of adjustment in the treaty on the proposed sale, if satisfactory terms can be secured, of the downstream benefits. This agreement will not be complete until these schedules have been agreed upon. Similarly, the treaty will have to be supplemented or amplified by the proposed protocol.

I have already made clear in this house that after the government has had an opportunity of viewing the results of the negotiations between its representatives and the government of the United States, and has arrived at a decision as to the treaty, before ratification takes place the treaty and agreement will be submitted to this house for consideration by it.

UNEMPLOYMENT INSURANCE

REQUEST FOR EXTENSION OF BENEFITS TO AGRICULTURAL WORKERS

On the orders of the day:

Mr. Reynold Rapp (Humboldt-Melfort-Tisdale): Mr. Speaker, I should like to direct a question to the Minister of Labour concerning unemployment insurance coverage for employees in agriculture. Since the minister informed the house yesterday that there is an interdepartmental committee of senior officials engaged in continued study of the Gill commission report, would the minister direct their attention to the problem as to whether ways and means could be found to overcome the administrative and procedural difficulties to which reference was made in the Gill report, in order that farm labour could also benefit from unemployment insurance coverage?

Hon. A. J. MacEachen (Minister of Labour): Mr. Speaker, I would be glad to respond to the hon. member's representations and ask the committee to pay special attention to this problem, if it has not already done so.

EXTENSION OF BENEFITS TO WORKERS IN U.S.

On the orders of the day:

Mr. Raymond Langlois (Megantic): Mr. Speaker, I should like to direct a question to the Minister of Labour arising out of the answer he gave the hon. member for Compton-Frontenac on July 8 concerning Canadians working across the border. He said that this matter had been under negotiation for the past 20 years. I would not want to rush things, but would it be possible for the government to have a definite answer or a definite agreement concluded before the next 15 years have gone by?

FINANCE

CONSULTATION ON BUDGET WITH VARIOUS ECONOMIC ELEMENTS

On the orders of the day:

Hon. Michael Starr (Ontario): I should like to ask the Prime Minister whether, in view of his statement to the press yesterday that he is giving consideration to bringing business and industry into closer relationship with the government in the planning of future

budgets, it is also his intention to give consideration to bringing in closer contact with the government organizations such as labour, agriculture, and others who might be affected by such a budget?

Right Hon. L. B. Pearson (Prime Minister): Yes, Mr. Speaker; I think the hon. gentleman's suggestion is a very good one. If consultation within the limits of secrecy could be extended to business in the way suggested, it should also be extended to other economic elements such as labour, agriculture, and others.

WORLD FAIR

SUGGESTED BROADENING OF REPRESENTATION ON BOARD

On the orders of the day:

Mr. D. M. Fisher (Port Arthur): Mr. Speaker, I should like to ask the Prime Minister, in view of the resignation of the Ontario representative of the Montreal fair board, and indications from previous information that only a few of the provinces or regions of Canada are represented on this board, whether he is considering taking any steps to broaden the scope of the board and handle what appears to be a unilingual problem on the board.

Right Hon. L. B. Pearson (Prime Minister): This matter is presently under consideration.

AGRICULTURE

MILK—FEDERAL REPRESENTATION AT INQUIRY IN ONTARIO

On the orders of the day:

Mr. A. D. Hales (Wellington South): Mr. Speaker, I should like to direct a question to the Minister of Agriculture. According to press reports I understand the minister has been closely associated with "hope" for some time, and I hope he can answer my question. Has the minister made arrangements to have a federal government representative in attendance at the hearings now being held of an inquiry into the production and marketing of milk in Ontario?

Hon. Harry W. Hays (Minister of Agriculture): Mr. Speaker, I have met the Ontario league on several occasions and this matter is under consideration. We will be able to announce the result later.

SHEEP—REPORTED INTENTION TO CONCLUDE WORK AT SASKATCHEWAN EXPERIMENTAL FARM

On the orders of the day:

Mr. Jack McIntosh (Swift Current-Maple Creek): Mr. Speaker, my question is directed to the Minister of Agriculture. Has the minister received a communication from the south Saskatchewan sheep growers association protesting the contemplated closing down of the sheep department at the dominion experimental farm at Swift Current? Rather than ask a supplementary question later, may I ask the minister whether he does not agree that such action, if taken, will be a severe blow to the sheep raising industry of western Canada?

Mr. Speaker: Will the hon. member put that question on the order paper, please?

Mr. McIntosh: Mr. Speaker, this is a very serious and urgent question. It is also of national importance, as it concerns the whole sheep industry of Canada. In addition, I understand that the contemplated action is going to be taken in the near future. Therefore I submit with deference that it is an urgent question.

Hon. Harry W. Hays (Minister of Agriculture): Mr. Speaker, in answer to the question of the hon. member for Swift Current-Maple Creek may I say it was felt by the department that the experiment carried on with this particular flock of sheep at the experimental farm at Swift Current had been completed, and it was contemplated that the flock of sheep would be moved to the farm at Manyberries. This matter has not been finally decided yet and I will consider what the hon. member has said in this regard. The experimental farm at Swift Current is mainly for grasses. The production of sheep in the whole southern part of Saskatchewan has fallen off a great deal, as it has of course in all the prairie provinces, and it is felt that any experimenting with sheep in the future can be carried out better at Manyberries where most of the sheep production takes place.

Mr. McIntosh: A supplementary question. From the minister's own words would he not agree that the sheep industry in Canada—

Mr. Speaker: Order. I am sorry to interrupt, but this is argumentative.

(Translation):

PULPWOOD—INQUIRY AS TO SUPPORT PRICE

On the orders of the day:

Mr. L. J. Pigeon (Joliette-L'Assomption-Montcalm): Mr. Speaker, I wish to direct a question to the Minister of Agriculture. Does the minister intend to proclaim a support price for pulpwood, at the request of the U.C.C. and the farmers concerned?

(Text):

Hon. Harry W. Hays (Minister of Agriculture): Mr. Speaker, the hon. member will have to start over. I could not hear him.

Inquiries of the Ministry

(Translation):

Mr. Pigeon: Mr. Speaker, I shall repeat my question. Does the Minister of Agriculture intend to recommend the establishment of a support price for pulpwood, as requested by the farmers concerned?

(Text):

Mr. Speaker: May I suggest that this question be put on the order paper.

Mr. MacInnis: Mr. Speaker, he was asked to repeat the question.

Mr. Pigeon: On a point of order, Mr. Speaker, I think my question was proper and I would be very pleased if the minister would answer it.

Mr. Speaker: The hon. member's question was quite in order, but it should be put on the order paper.

BUSINESS OF THE HOUSE

PROCEDURE IN ANSWERING QUESTIONS ON ORDER PAPER

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, actually the hon. member for Ontario asked the Prime Minister the question I wanted to ask and I welcome the Prime Minister's answer. But since you have called on me perhaps I might put a question to the Secretary of State. In order to save a little time on Mondays and Wednesdays, I wonder whether it is not possible to avoid Your Honour having to call the number of every question on the order paper. Did we not for a time have a device whereby the Secretary of State would rise and say that questions numbers so and so were answered and questions numbers so and so were to be made orders for returns? Would the Secretary of State consider the matter?

Hon. J. W. Pickersgill (Secretary of State): Mr. Speaker, I welcome any suggestion that would lead to a saving of time, but this was a change made by the committee on procedure when the hon. member was not a member of the house. I regret the change, but it was made. However, if we could have unanimous consent to set up the committee on procedure perhaps we could get a few of these changes, including the admirable change suggested on a number of occasions by the Leader of the Opposition when he was prime minister, that questions on the orders of the day should be limited to half an hour, to which the official opposition of that time agreed.

Right Hon. J. G. Diefenbaker (Leader of the Opposition): Mr. Speaker, since the hon. gentleman, with his customary disregard of the rules, has brought me into the picture, let me say that hon. gentlemen opposite were the ones who brought about the expansion of the asking of questions in the house. They were the wrongdoers, and now they object to that which they themselves created.

Mr. Chevrier: What about your disregard of the rules?

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, since the Leader of the Opposition has made this statement, it should be made perfectly clear that the limitation of questions to 30 minutes was agreed to by us when we were in opposition, and was not agreed to by the then prime minister.

Mr. Speaker: Order. I am sure we do not want to extend the question period beyond four o'clock. The hon. member for—

Mr. Diefenbaker: Mr. Speaker, I cannot allow that statement to go unchallenged. It is without any basis in fact.

Mr. Pearson: Mr. Speaker, seeing that the Leader of the Opposition has made that statement, perhaps the leaders of the other two parties who were concerned with the negotiations at that time might have something to say on the matter.

Mr. Knowles: I apologize for making a suggestion to save time. Obviously such a suggestion only results in our losing time.

Mr. Speaker: I wish to accept the suggestion of the hon. member for Winnipeg North Centre.

NATIONAL DEFENCE

NUCLEAR WEAPONS—REQUEST FOR PUBLIC ANNOUNCEMENT ON ACQUISITION

On the orders of the day:

Mr. R. Gordon L. Fairweather (Royal): I have a question for the Prime Minister arising out of his press conference of yesterday. Will the actual signing of a general bilateral agreement with the United States for the acquisition of nuclear warheads for the Canadian forces be the subject of a public announcement? Will the public be advised of the fact when nuclear warheads have been acquired in Canada?

Right Hon. L. B. Pearson (Prime Minister): Yes, there will be a public announcement when the agreement is signed and all relevant information within the limits of security will be made known to the public.

(Translation):

POST OFFICE DEPARTMENT

STEPS TO PREVENT THREATENED SLOWDOWN ACTION

On the orders of the day:

Mr. Remi Paul (Berthier-Maskinonge-Delanaudiere): Mr. Speaker, I should like to ask the Postmaster General a question.

Can he tell the house what steps his department intends to take to prevent the impending slowdown strike of 90 per cent of the letter carriers who are refused the salary boost they have requested?

Hon. Azellus Denis (Postmaster General): Mr. Speaker, I believe this question is within the province of my colleague the Minister of Finance, who will announce in due time the salary increases for the civil service employees, including the letter carriers.

Mr. Paul: A supplementary question, Mr. Speaker. What stand does the Postmaster General intend to take personally to prevent this strike?

Mr. Denis: Mr. Speaker, I do not believe that any slowdown will occur, because this government will take the necessary steps before it starts.

(Text):

ROYAL CANADIAN AIR FORCE

SUMMERSIDE, P.E.I.—INQUIRY AS TO EXTENSION OF RUNWAYS

On the orders of the day:

Hon. J. A. MacLean (Queens): I have a brief question I should like to address to the Minister of National Defence, but in his absence perhaps the associate minister would take it as notice. In the light of statements made by the A.O.C. of the maritime command of the R.C.A.F. recently at a press conference, that there was an urgent need to rebuild two runways at the R.C.A.F. station at Summerside for operational reasons, is it the intention of the government to continue that program which was well under way under the previous government?

Hon. Lucien Cardin (Associate Minister of National Defence): I will take that question as notice.

(Translation):

TRANSPORT

ST. LAWRENCE RIVER—USE OF FRENCH IN PILOTAGE MANOEUVRES

On the orders of the day:

Mr. L. J. Pigeon (Joliette-L'Assomption-Montcalm): Mr. Speaker, a few days ago I put a question to the Minister of Justice when he was Acting Prime Minister, concerning a request by the St. Lawrence seaway authority asking that the French language be banned in pilotage manoeuvring. I would be most happy if the minister could supply me with an answer.

Hon. Lionel Chevrier (Minister of Justice): Mr. Speaker, I have no objection to answering that question although it was declared out of order yesterday. It is normally the Minister of Transport who deals with such questions, but since it was directed to me during the absence of the Prime Minister, I reply to the hon. member that:

1. The St. Lawrence seaway authority never asked or sent a request asking that the French language be banned in pilotage manoeuvring.

2. A verbal inquiry from lawyers acting for organizations or private customers reveals that Mr. R. J. Burnside did not make the statement attributed to him. Confirmation will be made by the minutes of his evidence as soon as they reach the St. Lawrence seaway authority.

(Text):

SHIPPING

ST. LAWRENCE RIVER—STATEMENT AS TO WINTER NAVIGATION

On the orders of the day:

Mr. Thomas M. Bell (Saint John-Albert): I think, Mr. Speaker, the Minister of Transport is anxious to reply to a question of mine about winter navigation.

Hon. G. J. McIlraith (Minister of Transport): On June 26, as appears on page 1608 of *Hansard*, the hon. member for Saint John-Albert asked a question concerning winter navigation on the St. Lawrence river. I might answer that the growth of winter navigation on the St. Lawrence river to which the hon. member refers is very small in amount and is not directly assisted by departmental icebreakers which may be working in the river for other purposes. These purposes are of long standing, and involve protection of shore property from flooding.

Such commercial traffic as there is has been pioneered by commercial interests and, while any such changes in trading patterns may call for adjustments in the total economy, it is not the intention of this government to initiate action for the improvement of conditions in one area which would have significant adverse effects on other parts of the country. The St. Lawrence seaway authority is not giving consideration to the matter of all-winter use of the seaway.

As to the other part of the question concerning United States congressional action on this matter, I have had no official notice in that connection and have no knowledge of it, other than the reference contained in the newspaper article.

Mr. D. M. Fisher (Port Arthur): May I ask a supplementary question. I should like to ask the minister whether, in effect, that statement informs us that the commercial business that has developed into Quebec and Montreal would have been possible without the icebreaker?

Inquiries of the Ministry

Mr. McIlraith: No, Mr. Speaker, I was careful not to express it in that way.

Mr. Bell: In respect of the United States investigation concerning winter navigation, will the minister keep the house informed of the position and attitude of the government on this and in fact, if necessary, due to the joint nature of the seaway, insist on our rights to make representations on this important matter?

Hon. G. J. McIlraith (Minister of Transport): In answer to that request, I think I should point out that the United States action now being taken is to create legislative authority for a study to be made. It is not the setting up of the study itself.

(Translation):

ARTS, LETTERS AND SCIENCES

INQUIRY AS TO APPOINTMENT OF ROYAL COMMISSION

On the orders of the day:

Mr. Gilles Gregoire (Lapointe): Mr. Speaker, I should like to put a question to the Prime Minister.

Could he tell the house whether it is true, as reported in *Le Devoir* of this morning, that the royal inquiry on biculturalism will be set up next Monday?

(Text):

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, we hope to be able to make an announcement on either Friday or Monday. That will depend on the replies we receive by that time from certain individuals who have been asked to serve on the commission.

(Translation):

Mr. L. J. Pigeon (Joliette-L'Assomption-Montcalm): Mr. Speaker, I have a supplementary question for the Prime Minister. Does he intend to appoint Messrs. Gerard Pelletier and Andre Laurendeau on that commission?

(Text):

Mr. Speaker: Order. This is a question which is not in order.

(Translation):

Mr. Gregoire: Mr. Speaker, may I ask the Prime Minister a supplementary question? While we are waiting for all that, would the Prime Minister be ever so kind as to provide us with the French version of Beauchesne, in view of the fact that the English edition of those citations often contain some very special legal terms which French speaking members find particularly hard to understand?

(Text):

Mr. Pearson: I am always happy to try to accommodate the hon. gentleman.

[Mr. Fisher.]

CANADIAN NATIONAL RAILWAYS

PROPOSED EXTENSION OF RUN-THROUGH PROGRAM

On the orders of the day:

Hon. G. J. McIlraith (Minister of Transport): Mr. Speaker, yesterday the hon. member for Port Arthur asked me a question concerning possible action to postpone C.N.R. run-throughs in western Canada, as appears at page 1976 of *Hansard*. A similar question was directed to me by the hon. member for Acadia on June 26, and I replied at that time, as shown at page 1606 of *Hansard*. A related question having to do with this subject matter was asked by the hon. member for Burnaby-Coquitlam on July 5, and was replied to by my colleague the Minister of Labour on July 8, as appears at page 1929 of *Hansard*.

There is not much I can add to these answers. Meetings were held in Winnipeg on February 5 and Edmonton on February 14, between C.N.R. management and senior running trades union representatives. There was a further meeting in Winnipeg on May 28 at which detailed plans were outlined for the run-through program. There have been requests to me for postponement of the run-through program in western Canada. However, this is a matter relating to the internal operation of the railway, and therefore the only thing I can do is draw the requests to the attention of the railway management. This I have done.

Mr. D. M. Fisher (Port Arthur): Mr. Speaker, I have a supplementary question which I would like to direct to the Minister of Labour. Is the minister aware that, in view of the decision not to intervene announced by the Minister of Transport, there is every likelihood that Canadian National Railways in western Canada will be tied up in mid-August with a wildcat strike?

Hon. A. J. MacEachen (Minister of Labour): Mr. Speaker, the premise put forward by the hon. gentleman is not necessarily correct. I am aware of the situation about which my hon. colleague has made a reply, and I am very anxious that the Department of Labour take a responsible course in this situation which involves the relationship between workers and management that is covered by an existing agreement. It is within that context that the Department of Labour would discharge its responsibilities.

Mr. Fisher: As a supplementary question, would the minister consider investigating the true allegiance or true support that the senior members of the railway brotherhood, the running trades, now have in western Canada, because I think this is the crux of the situation?

Mr. MacEachen: Mr. Speaker, it seems to me that to undertake an investigation to determine the allegiance of union members to their leaders would be an extraordinary activity on the part of the Department of Labour.

ATLANTIC DEVELOPMENT BOARD ACT

AMENDMENTS RESPECTING MEMBERSHIP, FUNDS, ADMINISTRATION, ETC.

The house resumed from Tuesday, July 9, consideration in committee of Bill No. C-80, to amend the Atlantic Development Board Act—Mr. Pickersgill—Mr. Batten in the chair.

On clause 1—*"Fund"*.

The Deputy Chairman: Shall clause 1 carry?

Mr. MacLean (Queens): Mr. Chairman, I would like to take a few moments of the time of the committee to say something about this legislation which potentially can be of such great importance to the maritime provinces and the Atlantic provinces, including of course Newfoundland. Ever since confederation we in the maritime provinces have had the experience of not sharing fully in the prosperity and general development of the economy of our country as a whole.

The fruits of confederation had been disappointing to us for many years, and many representatives from the maritimes, members of all parties in this house, repeatedly brought this situation to the attention of various governments. In fact it was not until six years ago that the special case of the Atlantic provinces was recognized, and special grants were made to the governments of those provinces which made it possible for them to raise the level of services such governments are called upon to provide, and which have many social connotations, as well as providing the environment, the necessary public works, roads, schools, educational institutions and so forth which are the prerequisite for economic development.

The previous government also passed legislation within the last 12 months to set up this development board for the maritime provinces, and I am a bit concerned that so early in the life of this legislation it is being amended. It would have been the course of wisdom to let the board operate under the original legislation to see how effective it would be and then, at a later date, make amendments if any were required in the light of the experience gained. I am sure this board is still only in the embryo stage, but already the legislation concerning it is being amended, even though when experience is gained I feel there will be further amendments necessary.

There are many projects and a great field of activity in which this board can operate, and one of its problems will be to refrain from duplicating work already being done by other organizations or certain departments of government. It will have a very important role to carry out in the field of co-ordinating the efforts which are being made by all organizations, including governments, for the economic development of the maritime provinces, and in this I include projects which are put forward and prepared by private enterprise. This is perhaps the most important field of all.

Having made those few general remarks, Mr. Chairman, I want to comment on the proposed amendments. I regret very much that the board is being enlarged at this time. The Secretary of State, who is piloting this legislation through the house, uses the very fine-sounding phrase that the board is being strengthened. It does not necessarily follow that the board is being strengthened by being enlarged. What is being done is that we are enlarging the board to provide a membership of 11 rather than five in order that the appointees of the present government will have a majority on the board. I do not think this is necessarily a wise proposal. It has unfortunate political overtones which I for one regret.

The Secretary of State seems to have great faith in the Canadian people accepting his statements at face value, with blind faith. I think their experiences in the past do not justify the Canadian people, or the people in the maritime provinces anyway, in accepting statements from the Secretary of State with this type of unquestioning, blind faith. I would like to see the present members remain on the board until the term of office under which they were appointed has been completed. I would also like to see—if it is necessary, for the reasons given, to enlarge the board—the membership enlarged to nine only. I think a board with this membership would be quite large enough. Boards which have a large membership tend to be unwieldy. It will be difficult to obtain a quorum on occasion, and there are many other difficulties which can be envisaged. Nevertheless we are confronted with this amendment, and until this legislation is passed I suppose the present board is almost in a state of suspended animation and the progress which should be made by the board at the present time is probably not being made until their fate is made known to them.

I have some questions in mind which this legislation brings one to consider. One concerns the setting up of a fund of $100 million for special purposes in the Atlantic provinces. It seems to me that including this provision in the legislation smacks of a concern on the

part of the government to fulfil to the letter statements and commitments which were ill-considered and made at random during an election campaign. I think this is the reason for this proposal, rather than the government thinking it is in the best interests of the area concerned.

The party which is now in power made the commitment to set up a special fund; but it does not follow that this is good practice or that it is beneficial to the Atlantic provinces. There is some slight assurance in the statement of the Secretary of State that this amount will be the floor. I think it is difficult for us at this time to look into the future far enough to see the amount of money which may be necessary; this will depend upon the activity of the board and the recommendations they make to the government. But I do think this is a bad principle. If we pass this legislation we are, in effect, voting en bloc $100 million to be administered by a board which is not directly responsible to parliament. This is a new precedent which I think is very unfortunate. After all, one of the basic principles of parliamentary government is that parliament shall have complete control over the voting of public money to be used for public projects. In this connection it has been said, of course, that when the board makes recommendations they will be considered by treasury board; but treasury board is only a committee of the government, and the government is not parliament. It is one of the sacred rights of parliament to carefully scrutinize the voting of supply to the government. I regret this departure from our rights. In effect we are at the present time, if we pass this legislation, voting en bloc $100 million as a minimum for purposes with regard to which we have only a vague conception at the present time. We do not know upon what projects or undertakings the money is to be spent.

I should like to ask the Secretary of State a question regarding this matter. Will the provisions of the Financial Administration Act apply to moneys spent by the board out of this $100 million fund? In other words, if the board is engaged in some activity which requires the letting of contracts and this sort of thing—perhaps construction—will the manner in which this money is spent be in complete accord with the provisions of the Financial Administration Act, in the same way as would be the case with regard to money spent by a department of government? I would like to be assured in regard to this matter.

Mr. Chairman, I do not intend to delay the committee any longer at the present time. However, I see that the Secretary of State has resumed his seat. I knew it was necessary for him to leave the chamber for a few moments, and therefore I delayed asking this question. I would ask the Secretary of State to clarify a statement he made last evening when closing the debate on second reading. I want to be fair to the hon. gentleman; he may have said something that did not truly reflect what was in his mind. As reported at page 2014 of *Hansard*, he said this:

> I suggest that, for the rest of the consideration of this bill, we forget whether the previous government, which made a good start in this matter, should get the credit, or whether it should be the present government, which is trying to carry out to the letter what we promised the electors to do, for which we elected 20 members out of 33 members in the Atlantic provinces in the last election.

Then he went on:

> Surely if there is to be good faith in public life at all, when you give undertakings to people and they vote for you, you should carry out those undertakings.

Surely, Mr. Chairman, the Secretary of State does not imply there that the corollary is also true, that if people do not vote for a party and it is elected to power, they have no obligation to carry out the commitments made. I would like to be assured that the Secretary of State recognizes that if a party is elected, it forms a government for all the people and is responsible to the people who voted against it as well as to those who voted for it. Under the present circumstances, of course, those who did not vote for the present government form a majority of the Canadian people. I am glad to see that the Secretary of State, who is an adopted son of the Atlantic provinces—

Mr. Bell: Orphan.

Mr. MacLean (Queens): —appears to recognize the special needs of the maritime provinces, and I would hate to think that the maritime provinces will receive their just rewards only if they knuckle under and guess right as to what government will be next elected to power.

Mr. Pickersgill: I should like to clear up that point right away. I think the hon. gentleman has convicted me of using the language very loosely. I am glad he brought the matter up, because when I was looking at the *Hansard* record of what I said last night, before I went home, it crossed my mind that this was, to put it mildly, ambiguous. Certainly it was sloppy. What I meant to say was that when a political party gives certain undertakings and, as a result, gets into office, it should carry out those undertakings. That is all I meant, and I think the language, in the loose way we speak colloquially, is capable of bearing that interpretation. However, I admit it is also capable of the interpretation which the hon. member put upon it.

I could not agree with him more completely in saying that once an election is over, and once a government has been established, that government should remember at all times that it is the government of all of the people of Canada, regardless of how they might have chosen to vote in a free country. That is the only way in which we can maintain the kind of institutions to which I believe all of us in this house are devoted.

Mr. Flemming (Victoria-Carleton): Last evening, when this committee rose, I had sent over to the Secretary of State a suggested amendment and I was proceeding to speak, briefly I hope, in connection with certain other amendments which I felt would be good for the bill which is before us, and which would eliminate the general idea which might be prevalent that something is being introduced into the bill which instead of strengthening it is likely to weaken it.

We have a board of five people under arrangements set up by an act of parliament. Now it is proposed there shall be six additions to the board—something which was promised, it is reported, by the Prime Minister—and these people are to be representative of various phases of economic activity. I submit that the government would be accused of attempting to weaken the bill if they placed the members now serving on the board in any inferior position to those it is proposed to appoint. It seems to me the six men should be appointed for the period of time the bill specifies, but that there should be no reduction of the period of time which the original members were appointed to serve. It is only in this way that the government will avoid being accused of trying to dilute the force of the bill rather than strengthen it.

Accordingly, I will send over to the Secretary of State another piece of paper which I should like him to look at. He has complete authority, as he had last night, to impose another name on it if he wishes to do so after consideration. I have already said that I feel clause 20, which is the clause providing that the act shall expire in six years time, or on January 24, 1969, should be deleted. So I will send another proposal over to him.

Last night I made certain statements about the responsibility of government and particularly about the responsibility of parliament about voting money. I am pleased that my colleague who has just spoken has the same feeling as myself in connection with the voting of public money. I do not say this in any partisan spirit, but let me call the attention of the committee to this: not only should we refrain from giving this board or any board the right to dispose of an amount such as $100 million without parliamentary sanction, but in this particular case, as we are operating in a deficit position what we are really doing is proposing to borrow that money and place it at the disposal of a non-elected body. In my opinion that should not be done, and I am going to suggest an amendment in this connection also. I shall send this one over to the Secretary of State, too.

Last evening, the Secretary of State read at some length from the report of the commission on Canada's economic prospects as a basis for his argument that the board should go out of existence in six years time. That commission was, of course, headed by the gentleman who is now Minister of Finance, and I marvel at the hon. gentleman's temerity in presenting this report as an excuse for anything done in this house, because in my opinion the elections of 1957, 1958 and 1962 surely demonstrate that the proposals contained in that report were not acceptable to the people of the maritimes. The Secretary of State suggests that this was the opinion of the chairman of that commission—

Mr. Pickersgill: Of the whole commission.

Mr. Flemming (Victoria-Carleton): All right—of the whole commission. In spite of that, why should this parliament follow that opinion to the extent of proposing that the board shall function for less than six years before going out of existence? I marvel at the lack of judgment shown by the Secretary of State in proposing such a thing. The commission made certain recommendations. A number of them were not carried out and I do not think they will be carried out by the present government. They suggested that maritimers be helped to move out.

Mr. Robichaud: No.

Mr. Flemming (Victoria-Carleton): Oh, yes. They suggested they should move. That is the word which is used.

Mr. Robichaud: Be frank, read the whole sentence.

Mr. Flemming (Victoria-Carleton): I am making my own speech and I do not want any help from the hon. member for Gloucester.

Mr. Diefenbaker: You won't get any.

Mr. Flemming (Victoria-Carleton): The point is this: The previous government did not want to help the maritimers move out. They wanted to help them stay in.

Mr. Pickersgill: May I ask the hon. gentleman why every year the previous government was in power the minister of labour came and asked the house to vote large sums of money to be used precisely for the purpose of moving people out of the maritime

provinces to upper Canada—much larger sums, it seems to me, than were ever voted for this purpose before?

Mr. Flemming (Victoria-Carleton): I have not been a member of this house for very long, certainly not as long as the Secretary of State or the hon. member for Gloucester. I do not think these sums amounted to very much; I think they were just ordinary. But the previous government voted money to build up the Atlantic provinces, and I have no reason to think that the present government are not going to continue to vote the same amounts. I certainly hope they will, and so far I have no reason to think that they will not. But I do not think the so-called Gordon report on Canada's economic prospects should be the determining factor in amending this piece of legislation passed by parliament in December, which would now go out of existence. That is my point, and I submit that it is a valid point and should be considered by the government.

A few minutes ago I said that the government should consider my proposal, and the Secretary of State has proposed an amendment. I think these new appointments should be made. A few minutes ago the Secretary of State rose in his place and spoke about commitments made during an election. I have no doubt that he spoke with sincerity, but I think he should also recognize that governments have a degree of responsibility in carrying out commitments as well. These gentlemen who were appointed should be continued in office for the length of time for which they were appointed, otherwise they will be in an inferior position and I do not think their position would be tenable. They would be in an inferior position to the new appointees, and I think their position would be such that they could not out of respect to themselves continue in office unless they were continued for at least the same length of time as the new appointees. I suggest that they be continued for the full time for which they were appointed.

Last night I was very much interested—

Mr. Lloyd: Would the hon. gentleman permit a question? What seems to be the great anxiety about the persons being added as against those already there? Surely everybody knows the names of the present members and what they are capable of performing. The hon. member does not know who will be appointed and—

Mr. Flemming (Victoria-Carleton): If the hon. gentleman wants to speak when I am through, that is his privilege; but what is his question?

[Mr. Pickersgill.]

Mr. Lloyd: What is your anxiety? What are you trying to protect by this change? You are making a lot of allusions to what is going to happen, but what are you trying to protect?

Mr. Flemming (Victoria-Carleton): I am trying to see that the decent thing is done, and that seems to be something which is unknown to some hon. members on the opposite side, although I did not think that applied to the senior member for Halifax. Last night we listened to a speech from the Secretary of State in which I was greatly interested because he mentioned his conception of what the board should do and what it should particularly stand for. He mentioned among other things that it should create a climate, and with that I agree.

Two other things he mentioned, and which I remember at the moment, were power and transportation. When I talk about power I immediately think of the very large potential existing in the province of Newfoundland, in Labrador at Hamilton falls, and of the great plans underway to make that power available to the national grid. When we speak of a national grid, Mr. Chairman, perhaps I might say that in my opinion nothing brought more promise to the Atlantic provinces than did the suggestion of a national grid for electricity from one end of the country to the other. When one considers that something like 4 million horsepower is available in Labrador, which I believe is classified under that most desirable heading of firm power, for use by a national grid to supply cheap electrical energy to eastern Canada, for which we have suffered, it seems to me that the Secretary of State is undoubtedly right. We also have the benefit of the experience we have had of the grid which now exists as between the provinces of New Brunswick and Nova Scotia.

One hon. member yesterday stood in his place and said that he understood that the savings so far from the grid system which had been established between those two provinces had been in the order of $60 million. I think that was the amount he mentioned; certainly it was an amount of great magnitude. If this figure is anything like correct, then it has been a tremendous success. If the power which is presently about to be developed in the northern part of the province of Newfoundland and Labrador, which I understand is something in the order of 4 million horsepower—

Mr. Pickersgill: About six.

Mr. Flemming (Victoria-Carleton): Then that makes it all the more desirable—can be put into a national grid, it seems to me that the possibilities of power development become tremendous, and as a consequence industry

will follow that cheap power. That is what we will get in the Atlantic provinces. Undoubtedly the Secretary of State is quite justified in his concept in that regard, and I certainly hope that what he has said will come to pass. A surplus of cheap power will always attract interest and investigation. I understand it is already arranged that a surplus of this power is to be sold to the United States. That is undoubtedly justified because we certainly could not handle an amount of that nature without some guarantee as to what was going to be done with it. I am intrigued very much by the fact that it may be in the not too distant future that work will be done on this very large development.

I should like to refer again to the words of the Secretary of State last evening, because I find myself in an area of disagreement. He said, as reported on page 2013 of *Hansard*:

> I think the Atlantic development board is going to be concerned primarily with improving transportation, improving power and other facilities which would make an area more attractive to industry.

That is right and I agree with him; but some further remarks of his certainly do not represent my views at the moment. He went on:

> Of the two—

that is, the development of smaller business and spending the fund—

> —it is the more important. I do believe the fund is also needed because there are projects, as every hon. member can see for himself, that are not undertaken directly for a specific industry. I am not going to attempt to describe what they are because I know what would happen if I did; I would be accused of leaving this one or that one out of favouring one, and just get myself into a lot of unnecessary trouble and unnecessary debate.

That brings up the whole question of the consideration of this matter by this board from a regional rather than from a financial point of view. I am sure that his misgivings are justified in that respect because I think that if the board is to be successful it has to approach its duties from a regional point of view with the idea of benefiting the whole region. So I believe that the people who have something to do with it must of necessity forget provincial boundaries. In the final analysis I think it will be better for each province if they adapt themselves to that concept.

At the moment I think I have exhausted everything I wished to express at this time. No doubt the Secretary of State and other members will be speaking further on the bill, but I hope that the amendments that have been suggested with a view, I assure the hon. gentleman, to carrying out his avowed intention of strengthening the board will be accepted with the idea in mind that they will strengthen and add something to it.

I said last December that in my opinion this was the most important single step that had been taken in my lifetime for the benefit of the Atlantic provinces. I am still of the same opinion. I am not completely discouraged because of the changes which are being made provided they seem to be made with the idea of really strengthening the board. I do not object to some election commitments being fulfilled as long as in the final analysis they do not impair the efficiency of the board itself. These are my comments at the moment. I hope that the Secretary of State will consider the amendments with a certain amount of care.

Mr. Nowlan: Mr. Chairman, I did not speak on the resolution stage or on second reading, and since my name has sometimes been closely associated with matters affecting the maritime provinces I might be a little bit afraid that if I did not appear on the record at all it would be assumed I had given tacit approval and consent to the bill. I do not want that misconception to be raised, so for a moment or two I want to speak very briefly on clause 1.

All I need to say is that I agree entirely with what my colleague, the hon. member for Victoria-Carleton, has said with respect to the bill. I think it is unnecessary. If not bad, in my opinion it certainly has very little good in it, and I believe we would have been just as well off if the bill had never been introduced at all. There are political overtones in the bill which certainly suggest to anyone who reads that the motive behind the introduction of the bill, as the hon. member for Victoria-Carleton said, was perhaps more to deal with the personnel of the board than to accomplish anything for the material benefit of the Atlantic provinces.

I do not like the capital sum named in the bill. One hundred million dollars is not an inconsequential amount but, as the hon. member said, if it is spread over a period of years it amounts to very little. I think I can say very definitely that so far as the political and commercial leaders in all the Atlantic provinces are concerned they would have preferred to see no specific sum whatsoever mentioned. In my view there is a real danger that, having put an amount in the bill, whether it be X dollars of $100 million as set out, it might be looked upon as the old debtor did when he signed another promissory note and, having signed it , said, "Thank God that bill is paid". Having put an amount of $100 million in the bill, I think there is a real danger that when requests are made for consideration of various matters of the greatest importance to the maritime provinces it

may be said: You have got the board, you have got $100 million, what more do you want? In my opinion there is a real danger of that attitude developing as a result of the inclusion of a specific amount in the bill or what will, I presume, become an act.

Up to now I believe that generally throughout Canada there has been a very co-operative feeling toward the problems of the Atlantic provinces. I think all of us from that area recognize the fact that Canadians generally have been prepared to deal very fairly—I will not say generously—with the problems that have arisen there and they are still prepared to do so. Speaking for myself and for most of the people in the Atlantic provinces, I believe, may I say we would have preferred to have matters stand as they were and to be able to make our requests, our demands, shall I say, for specific action on specific problems and have them dealt with rather than to have the situation which is going to develop after this bill becomes an act of parliament.

One could go on and belabour the matter. I have almost a pet peeve at times these days and perhaps I could utter this thought. We have had suggestions made about depressed areas in the maritime provinces. Certainly they have not entirely kept pace with developments in Ontario or other parts of Canada, but I think all of us who come from the maritimes are rather proud of the fact that there has been substantial development in that area during the past few years. It has not been dramatic but it has been steady and it has continued.

The mere fact that in my own province of Nova Scotia 11 relatively large corporations have announced their intention to build capital plants there since January of this year, a period of roughly six months and 11 days, which plants in some cases involve the expenditure of millions and millions of dollars, has created a different atmosphere there. There is a different attitude. There is a development there which I think is commendable and which I think the people of Canada sometimes do no realize is taking place.

We have many other problems to solve. I am not saying for a moment that we have arrived at solutions for all of them. There will be requests for consideration with regard to individual facets but, generally speaking, whether in the coalfields, the steel industry or wherever it may be in the Atlantic provinces, there is an atmosphere of development and growth. This has come about because of the co-operation of all parties and all people. I hope it will continue and I hope that the passage of this bill, and making it an act of parliament, which pretends to offer

$100 million as a solution to our problems, is not going to affect our development and growth.

I want to register my opinion at this time, and I am sure that it is the opinion of every responsible person from the Atlantic area. Undoubtedly, it is government policy to go ahead with this bill. I believe the Secretary of State said the other night that this was one of the pledges made prior to the election. The government is determined to carry out this policy and we are certainly not going to block or attempt to block the bill in any way, shape or form. But I do say we look upon it with some doubts, and we are sure that the people of Canada will not assume that the passage of this bill with the provision of a certain specific amount is a solution to the problems that still have to be dealt with in the Atlantic provinces.

Mr. Bell: Mr. Chairman, I begin by using that often uttered phrase: I had not intended to speak on this measure. However, I have a good reason for doing so, if one is necessary. I just lost my private member's motion, but I will not inflict upon the house anything that I was going to say on that motion. I do not object to the fact that it has been suspended until later in this session because I am all in favour of any move that will get us out of here this summer.

However, a great many of the members from the Atlantic provinces have spoken at the various stages of this bill, and I feel my silence might be taken as an indication of a lack of interest. I should like therefore, to mention one or two thoughts I have jotted down quickly. I made a small contribution to the debate on this measure when it was first introduced by the previous government. I put forward one or two thoughts about projects that might be undertaken, and I am pleased to note that one project has been undertaken. I refer to the investigation of winter navigation on the St. Lawrence. Last night the Secretary of State gave us assurance that there would be no diminution of this investigation. We were pleased to hear that, because it does hold some hope for the ports of Saint John and Halifax.

I disagree slightly with the hon. members for Victoria-Carleton and Digby-Annapolis-Kings, because I am not so excited about these changes in the bill. I really felt that we did not need to give that much attention to the bill when it was originally introduced by the Diefenbaker government, because the thought was there to help the maritimes. We all agree that it is a wonderful thing, and I believe that is the thought that needs emphasizing, that this is a measure introduced by the Conservative government. I think we have lost

sight of that fact, Mr. Chairman. The Liberals, perhaps rightly, are entitled to claim credit for the introduction of family allowances and other measures about which we hear so much. But I think that every schoolboy in the Atlantic provinces will remember that this measure was introduced by the Diefenbaker government. As long as this fact is established firmly in everybody's mind, I do not quarrel with the various amendments that have been made in the original bill.

I have one suggestion that I want to make during the debate on this first clause. I should like to refer to the matter of appointments. I know that some consideration has already been given to this matter, and I know that many members have thoughts on it. I would hope that some person directly connected with the Irving interests in Saint John be included on the board. It may be possible to name Mr. K. C. Irving himself, who is an industrialist who has done ever so much for New Brunswick and the maritimes. I feel that this board should have representation directly from this person or his interests. He has lifted up the economy of southern New Brunswick by his shipbuilding, transportation, oil refinery and other interests, and has always been forward looking in so far as maritime projects are concerned. I merely mention, Mr. Chairman, for consideration by the Secretary of State, who may have responsibility in this matter, that direct representation on this board by the Irving interests be considered. In this way, full advantage may be taken of the known talent available there and the forward thinking that is available.

I do not have anything else that I want to put forward on this clause, except to repeat that I think I will be satisfied if full credit is given to the Conservative government in connection with this matter. They were the ones who started the thinking along these lines originally. I recall that in 1957, when it was decided by the new Conservative government to give financial assistance to Beechwood, the present Secretary of State for External Affairs said that it was going to cause trouble because it was the first time any region had been considered separately. Perhaps this was true, I do not know, but it was that government which brought forward the Beechwood financing plan in conjunction with the then premier of New Brunswick, the present member for Victoria-Carleton. It was accepted by the new government in an honest endeavour to assist an area which needed this type of regional assistance. This is where the matter stands now, and I only hope that the new board will continue the wonderful beginning that was made by the Diefenbaker government with its plan to set up a regional Atlantic development board.

Mr. Winch: May a member of this house from British Columbia, a long distance from the maritimes, be privileged to take about a minute and a half to speak on this measure? All I desire to say is that this bill was introduced in the last parliament by those who now sit in the official opposition. I can see only two differences between that measure and the new bill which is before us. The first one relates to the increase in the size of the board from five to 11 members. I cannot see any reason for the members of the official opposition objecting to that, unless they take the position that they made their appointments on a partisan basis and therefore they do not want to see any change made. If they were not made on a partisan basis, and if they will give to others credit for the honesty they claim for themselves, why hold up this bill any longer?

Then, too, the bill we had before us last year, while good in principle, made no funds available with which the board could function. There is now $100 million available. Why, therefore, if you are willing to give others credit for the honesty and integrity that you claim for yourselves, should this bill be held up by useless talk of a partisan nature? Why do we not get ahead, pass the bill and let the board start functioning?

(Translation):

Mr. Gregoire: Mr. Chairman, I should like to state briefly that I agree with the remarks the hon. member for Vancouver East (Mr. Winch) has just made.

We have been discussing this bill since yesterday afternoon and we hear representations which are truly irrelevant. One would think that the Conservative members from the maritimes are trying to block the improvements which could be achieved through this bill.

Consequently, Mr. Chairman, I suggest that we adopt the bill to allow the people of the maritimes to benefit from the advantages that could ensue from this measure.

(Text):

Mr. Churchill: I would like to say a word or two on this bill, but not along the line suggested by the hon. member for Vancouver East who says that the bill is being held up.

Mr. Dupuis: That is true.

Mr. Churchill: I hear shouts from the government side that that is true, from the people who are the great masters of obstruction. I think they should sit silent while these things are being considered. The bill

is not being held up; it is being very carefully considered. Hon. members from the Atlantic provinces have pointed out that there was no need for rushing ahead with amendments to an act which was brought into operation just a few months ago. Without letting the board function and get on with its job, the government which made so many promises, most of which have been unfulfilled up to the present, wants to rush ahead and amend the act before it has been given a proper trial.

Once again, this is undue haste. This is a matter of taking a good look at what the government is attempting to do, and it is not a question of holding up the bill. One of the reasons I rose to speak is that I do not think a bill of this nature should be left solely to the people from the Atlantic provinces, although they are the best qualified to deal with its subject matter. However, there are others of us who are also interested in the development of the Atlantic provinces, as we are in the development of all other areas of Canada. Coming from Manitoba I did not think it was right for the Secretary of State to be the only person from that province to speak on the bill.

There is a community of interest between those of us who live in western Canada and those who live in the Atlantic provinces. We represent great primary producing areas, and over my years in the house I have noticed that community of interest between westerners and those in the Atlantic provinces. We understand each others' problems and difficulties. We in western Canada have had the problem of developing a very large area of the country. Our ancestors certainly passed through a pioneering stage. Ours is a primary producing area and we are familiar with the problem which face the Atlantic provinces, which also form a primary producing area.

In the west we have been pressing forward with industrial development, and the people in the Atlantic provinces are interested in the same type of development. In the west we have been faced with the problem of adverse freight rates which have hindered our industrial growth and so we can appreciate, without much explanation or argument, the problems facing the Atlantic provinces with regard to long freight hauls to central Canada.

It is on the basis of that community of interest that I rise to speak on this bill and to express my regrets that the government is making modifications before the act, passed last winter, has had a chance to be put into operation. That is an unskilful way of carrying on the business of the country. Offhand it is not a question of whether the proposed amendments are necessary or are an improvement. The government has not had experience of the operation of the act to determine whether amendments are required now or later. It is another example of the government rushing in where angels fear to tread. It has made so many mistakes I suppose we should go ahead and pass everything it brings in front of us, so that it may make more mistakes and get the country in a really confused state of affairs. However, I suggest that it slow down a little bit and think things through before rushing in with further amendments to other things that have been done.

As the Conservative party we take great pride in the interest which we showed in the Atlantic provinces during our term of office, and we take pride in the bill we introduced last winter, setting up this board. Our predecessors had plenty of opportunity to indicate the same interest in the Atlantic provinces but they failed to do so.

During the years when I was previously sitting in opposition I recall the occasions when my colleagues from the Atlantic provinces rose to put forward the case for those provinces, and time and again I said to them, "Keep it up; you have got to impress the requirements of your area on public opinion". They used to say to me, "We get tired of listening to western members talking about wheat". But, Mr. Chairman, unless western members talk about wheat, freight rates and industrial development they will not get the necessary attention from the central government here in Ottawa. Therefore I told them in those days, "You must do the same; don't be bashful about it". I may say now that they have not been bashful. They have presented their case and presented it well, but the Liberal administration prior to 1957 did not give the attention to the Atlantic provinces that should have been given, and when we took office we took immediate action to see that economic development was given a boost in the Atlantic provinces.

The legislation we introduced last fall and winter for this Atlantic development board was just part of the general interest that the Conservative party has shown in the development of that section of Canada whose people have made such a contribution to the life of the nation. Those of us from western Canada have to acknowledge with gratitude and respect the contribution of those who have come from the Atlantic provinces and settled in the western provinces. Now and again they boast a little bit about the positions which they have occupied in western Canada, positions of importance based on the strength of their education and the force of their intellect, and we gratefully acknowledge—

The Chairman: Order. I hesitate to interrupt the hon. member but I am wondering if he in his remarks is now staying within the four corners of the bill before the house. As I mentioned last night there is certainly some latitude that has to be recognized by the Chair in dealing with a bill on clause 1, but on the other hand the discussion should be limited to the essence of the bill and whatever is contained in it. I would ask the cooperation of the hon. member, and other speakers who may address the committee after him, to try to limit their remarks to the bill itself.

Mr. Churchill: Mr. Chairman, I realize that on the first clause of a bill considerable latitude is permitted and I am grateful you gave me the opportunity to pay my respects to the Atlantic provinces. Having offered my criticism of the government's lack of wisdom in making these modifications to the act, I now want to say that increasing membership of the board from five to 11 is too obviously a partisan trick. It is an assurance that there will be six appointees of the present government to offset the five appointees of last winter. That was too obvious, and it will not be overlooked by the people who live in the Atlantic provinces.

Our second main objection, of course, is the setting of a fixed sum to be made available to the board for distribution among the Atlantic provinces. We think this is an unwise move. Here again, if the government had waited until the board had been given an opportunity to examine all the factors involved and had put forward recommendations as to where the emphasis needs to be laid on the development of the Atlantic provinces, there might have been some wisdom in coming forward and fixing a sum to be made available. But suddenly we get an amendment to this act and $100 million—which sounds a great deal of money until you consider the projects that could be carried out by it when divided among four provinces, and then it does not sound very much at all—is fixed as the amount the board will have to spend on this development. It looks too much like an attempt to pay off some ridiculous promise that was made during an election campaign, and it appears to an outside observer that a ceiling is being set on the amount of money that will be available, which was never the intention of the previous Conservative administration. Our problem was to make it possible to assist the Atlantic provinces and wait for recommendations from the board as to how much financial assistance should be given; consequently we did not set any limit of $100 million on the amount which might eventually be voted by parliament.

Third, Mr. Chairman, setting up the money aside like this is giving the board more authority than it should have. The authority should rest with parliament. In the control of expenditures in this country parliament should have the supervision it has exercised in the past and now exercises over most of the expenditures made by parliament.

Mr. Chairman, I wanted to say just these few words with regard to the bill to indicate the interest of our party in the Atlantic provinces; to indicate the interest of people who live elsewhere than in the Atlantic provinces in the problems of that area. My hope is that the present government will stop tinkering with acts that are already on the statute books, and projects that our government introduced for the benefit of various areas of Canada, and will take this as a warning to be very careful with regard to the other matters we introduced in the past—

Some hon. Members: Oh, oh.

Mr. Churchill: —which have proven to be highly effective. I warn them against interfering with western Canada in the way they are now interfering with the Atlantic provinces. The bill will probably go through the house this afternoon, up to the third reading stage. However, I think as members of an opposition we are bound to draw attention to some of the mistakes which hon. gentlemen opposite are making.

Mr. Olson: Mr. Chairman, I would like to say one or two words on this bill involving amendments to the Atlantic development board. I believe that the Atlantic Development Board Act, without the amendments which are going to be introduced by this bill, was sterile, if I may use that word. I remember raising the objection in the last session of parliament, that no useful function could be performed by the Atlantic development board unless it had some funds with which to do something. For example, there was the Atlantic provinces council, which is commonly referred to as APEC, which could give the government all the advice it needed respecting development in the Atlantic provinces. Also, those branches of the various provincial departments which are concerned with industry could have made, and probably have already made, thorough and exhaustive investigations in this respect and could offer advice to the federal government as to what they should do.

Then there was, of course, the productivity council which was set up to give advice on regional matters to the federal government, and advice on matters involving the whole country. We now have a new department of industry which has regional responsibilities. To now say that the act was good enough before, when there was no money provided to

the board with which it could carry out these projects, is in my view rather ridiculous. During the last session of parliament the Conservative government proposed the setting up of another advisory council, and I suggested there were already a multiplicity of such bodies. At least we will now have $100 million appropriated, with which some action can be taken. As far as we in western Canada are concerned—in Alberta in particular—we think this amendment is appropriate; we think something like this should be done. However, we think there should be some teeth in the act, or at least some power given to this board so that if they find, as a result of their studies, that something beneficial can be done, they will have the wherewithal to do it.

The only other point I should like to make, Mr. Chairman, is that the Conservative members seem to be taking great exception to changing the number of board members from five to 11. They say that six persons belonging to the Liberal party will be appointed to the board, and this will satisfy some political pay-off which they are obliged to make. I suggest that even suggesting this is what is going to happen is tantamount to the Conservative party admitting that they put five Conservatives on the board for the same unworthy reason they allege against the present government. I think that now they have admitted doing this, we have had enough of belittling each other's motives.

Clause 1 agreed to.

On clause 2—

Mr. Flemming (Victoria-Carleton): Mr. Chairman, I wonder whether the Secretary of State has anything to say with regard to the amendment contained in clause 2?

Mr. Pickersgill: Mr. Chairman, I should like to say a word with regard to the amendment suggested in clause 2. I recognize that this will undoubtedly be the most controversial part of the bill. I must say that I think the hon. member from Medicine Hat said better than I could what must run through the mind of every objective person, that those who are suggesting—and no one on this side of the house has suggested it—that primarily partisan appointments would be made, must be speaking from a rather guilty conscience.

The present Prime Minister indicated clearly the kind of people he thought should be on this board. He thought the fishing industry should be represented by someone directly connected with it, which is not the case at present. He thought there should be a representative of organized labour, which there is not at present. He thought that someone with a real, definite connection with agriculture should be on this board, which there is not at present. I think everybody realizes that of all the resources, even including the fishery, the greatest resource of the four Atlantic provinces is the forest resource. There certainly should be at least one representative of the forest industry on this board if it is at all adequately to represent the various sources from which we can expect economic development generally to flow. I admit we thought the number suggested by one of the members of the New Democratic party was a little large. I think my hon. friend the Secretary of State for External Affairs was inclined to support the view of the N.D.P. when we were in opposition, and I was inclined to take a more conservative line. But when, in considering this bill, we came to look at the various aspects of the economy of this area, we concluded that they could not all be adequately represented unless there were 11 members.

I repeat: admirable as the present members are, they do not represent a large enough variety of occupations in that area. As to the question whether the terms are to be continued as they were before, I pointed out at the resolution stage that we are not doing what the Conservative government did when they abolished the federal district commission and set up the national capital commission: they just fired everybody. Some hon. members over there talked about decency in these matters. All those people were wiped out at once. It would have been easy for us to have brought in a bill which would have done exactly the same. But we did not think this was a proper thing to do. We thought we should recognize the beginning which had been made by hon. gentlemen opposite, and I have never said a word from the day this act came into force in criticism of it at all. I wished the board well the day the hon. member for Victoria-Carleton, sitting over here, introduced the measure. I wished them well and hoped they would get on with the job.

We felt that if we had done away with the existing board and started over again it would have been regarded as a partisan act. It would not have been worthy of the purpose we had in mind. That is why we decided the present members of the board should continue to hold their positions. But as hon. members have pointed out, this board is to have $100 million of the taxpayers' money to spend, for which the government generally, and myself in particular, have to take responsibility before this parliament. We are entitled to be satisfied that the people to whom we entrust this money are in general harmony with the ideas of the government, which will be held accountable for what is done. So long as we

have the confidence of this parliament we think we are entitled to have such a board—and when we cease to have the confidence of this parliament we shall no longer try to run this government; we shall act in opposition as we did before.

I say again that the present members of the board are to be continued in office by law. They are all eligible for appointment to a second term, and if that harmony which I hope will exist does exist, there is no reason to think it will not be the desire of everyone that they should continue to serve. I have talked to two members of the board and they have not taken the slightest exception to this. It does seem to me—and I am not seeking to impute any motives—that some of the arguments which have been used in this committee are designed to make it impossible for these gentlemen to continue. We are not trying to do this. We are trying to make it possible for them to work harmoniously as members of the board.

But this is the scheme we have seen fit to recommend to parliament. It is the position taken by the government and I do not feel I can recommend that the committee accept an amendment to this clause. I do not take the same view with regard to all the amendments suggested by the hon. gentlemen, but as far as the amendment to clause 2 is concerned, it is not acceptable to the government.

Mr. Flemming (Victoria-Carleton): In order that there may be no lack of understanding of what is embodied in the suggestion, I should like to move:

That subsection 2, subclause (a) be amended to read:

"In the case of the persons who at the coming into force of this act were members of the Atlantic development board their appointment shall be for the period for which they were originally appointed under the Atlantic Development Board Act."

This has nothing whatever to do with additional members of the board, a point which has been laboured by the Secretary of State. Nor has it anything to do with any members who may be appointed later as a consequence of this measure. It simply provides that these members shall continue in office for the length of time for which they were appointed.

Mr. Pickersgill: Before the hon. gentleman puts the amendment, let me say the government has no desire to avoid a vote on this but I do not think it would be his desire to follow strictly the language in which the amendment is written, because what is being done is to substitute something for what is contained in both 4 (2) (a) and 4 (2) (b). What he means to do, I think, is to amend paragraph (2) at the top of page 2, knock out (a) and (b) and put one single provision in their place. In case the amendment carries it would be better, surely, that it should make sense. I wonder if the hon. gentleman would like to have it revised accordingly. As soon as that is done we shall be happy to vote on it.

Mr. Flemming (Victoria-Carleton): The bill is somewhat confusing because on both pages there are paragraphs (2) and (3). However, as long as we understand the intent of the amendment I do not think we need differ about the precise wording.

Mr. Pickersgill: I think the hon. gentleman wants to strike out (a) and (b) on page 2 of the bill and substitute the words he suggests.

Mr. Flemming (Victoria-Carleton): I am prepared to accept that interpretation.

Amendment (Mr. Flemming, Victoria-Carleton) negatived: Yeas, 18; nays, 62.

The Deputy Chairman: I declare the amendment lost.

Clause 2 agreed to.

Clause 3 agreed to.

On clause 4—*Board agent of Her Majesty.*

Mr. MacLean (Queens): Mr. Chairman, when I rose previously I asked the Secretary of State about the manner in which contracts would be carried out. I inquired whether they would be drawn in accordance with the Financial Administration Act in the same way as if they were made by a department of government. I would want to be satisfied that we are not granting the board any unusual and perhaps irregular methods of obtaining contracts.

Mr. Pickersgill: I think perhaps the hon. gentleman's question would come more properly on clause 16, because all clause 4 does is to make the board an agent of Her Majesty. My hon. friend the Minister of Citizenship and Immigration, who really knows something about the law, has just confirmed to me what I was about to say, and that is that all contracts must be made subject to the approval of the governor in council. That is directly set out in clause 16. I assure the hon. member that the governor in council would not give the board power to make contracts, and could not in fact give the board power to make contracts, on any other basis than that provided by law.

Clause 4 agreed to.

Clause 5 agreed to.

On clause 6—*Payments out of consolidated revenue fund.*

Mr. Flemming (Victoria-Carleton): Mr. Chairman, I have an amendment to clause 6, the object of which is to insert certain words

before the words "one hundred million dollars", namely the words "not less than". Section 16 (4) of the act would then read:

The total of all amounts that may be paid by the Minister of Finance to the board under subsection (1) and credited to the Atlantic development fund is not less than one hundred million dollars.

Mr. Pickersgill: Before the clause is put, sir, perhaps I might ask my hon. friend the Minister of Citizenship and Immigration to say a word about it, because perhaps when he has said a word the hon. member may wonder whether it would be advisable to put his amendment.

Mr. Favreau: May I make the friendly and humble suggestion to the hon. member that in my respectful view the addition of the words "not less than" may not add to the clause, as such. While it might be clear in his mind, it might cause confusion in the minds of others. This is a clause the beginning of which would, if it were enacted as proposed by the Secretary of State, be permissive in nature and would contain at the end of it, not a provision, but words which would be no more permissive but would be mandatory in nature. It might lead to the impression that the governor in council might authorize by way of a blank cheque, without reference to parliament, more than $100 million.

Mr. Flemming (Victoria-Carleton): It seems to me that if a specific amount is named without qualifying words one way or the other, it will be assumed by future parliaments, officials and others that $100 million is the amount, that it is final and absolute; that the Atlantic provinces have been paid off with $100 million and that ends it. Up to now the Secretary of State has not said—I gave him full marks for this last evening—that this was a minimum amount. He said that he could not bind future parliaments, and I appreciate that point of view.

I would yield however to the greater knowledge of the Minister of Citizenship and Immigration in this matter; if it is going to lead to possible misunderstanding in a legal sense obviously it should not be proceeded with. That is my feeling, but at the same time I should like those within sound of my voice and who read the record to understand that hon. members from the Atlantic provinces here feel that this is a minimum amount. If circumstances should justify a certain recommendation by the Secretary of State to his government, or by a future minister, if there should be one, to any succeeding government, it is to be understood that it was on that basis that this bill was accepted.

Mr. Pickersgill: I think I can satisfy the hon. member for Victoria-Carleton and please myself a little in doing so. Putting in the words "not less than one hundred million dollars" would, in a strict literal sense, not mean a thing because there is obviously not less than $100 million, because there is $100 million. I know that sounds a little like "Alice in Wonderland" but it is logically correct none the less, as is much of "Alice in Wonderland". I can assure the hon. member for Victoria-Carleton and the other hon. members from the Atlantic provinces, and I can promise the other members from the rest of Canada, that if we can usefully spend this $100 million quickly I will fight hard to get more.

Mr. Churchill: That does not mean a thing; you might not make your point.

Mr. Pickersgill: No, but it does refute the point made by the other hon. gentleman, and all other hon. gentlemen who objected to a fund at all. At least I have $100 million, once this bill passes, that no austerity program next year, or the year after, or the year after that, can take away. This $100 million will have been voted by parliament and will be available. We cannot have a change of heart next year, which might be possible if, for example, some other circumstance arose. Parliament will have decided that this $100 million is for this purpose, and if it is used well and expeditiously, as I hope it will be, I do not think this parliament or any other parliament would dare refuse more as long as it was being used well to accomplish the purpose we have in mind. We have $100 million, if the house sees fit to accept it now and, as I said, in my view it is a floor.

Mr. Flemming (Victoria-Carleton): In view of the remarks of the Minister of Citizenship and Immigration with respect to this amendment and its possible misunderstandings I propose to withdraw it.

The Deputy Chairman: Has the hon. member leave to withdraw his amendment?

Mr. Pickersgill: It is not needed; it was never moved.

Mr. MacLean (Queens): Mr. Chairman I just want to say a word to clarify the position of this party on the question of the fund. It has been argued by some hon. members that the act as it now stands, before amendment, is a sterile thing because it provides no money to be spent. This same argument could be used with regard to every department of government and almost every board that now exists.

There is no sterility about that whatsoever. All it means is that such a board has to come to parliament each year in the usual constitutional manner and have parliament agree to the expenditure of the money proposed in

the estimates for that year. What we are doing in this particular case in effect is passing estimates for the next six years.

I have no objection, nor has any member of this party, to the amount that is proposed. We think it may not be enough. It is not that we have any objection to the present government initiating the expenditure of $100 million for this purpose over the next six years, but rather the manner in which the money is going to be provided. The Secretary of State has said that we are going to enact this provision in legislation and then nobody can renege on it later. That brings up a point. I am not sure that this is good parliamentary practice because, if what he says is true, in effect we are binding future sessions of parliament in the next six years. If that is not so, then it means that what he has said has no validity because any future session of parliament could reduce the amount just as easily as changing the amount of an estimate. There is nothing sacrosanct about the fact that this figure is in the bill.

I may be somewhat out of order, but perhaps the chairman will be lenient I just wanted to clear up one misconception on the part of an hon. member on my left. We have no guilty conscience about the appointments we have made to the board; we think they are fine appointments. But the Secretary of State has argued—and I have forgotten his phrase—that he thought the government had a right to have a board which was a congenial one.

Mr. Pickersgill: In harmony.

Mr. MacLean (Queens): That is the word. The implication there is that the government is going to do the same sort of thing with every other board, because there are boards in existence to which they have not appointed the members. In my view this is not a very valid argument. I am not going to say any more, but I was interested in the Secretary of State exposing to the committee what his chief reference book is with regard to his logic. I could never understand it before. Now I find it is Alice in Wonderland.

Mr. Monteith: In all his actions.

Mr. Churchill: There is just one thing I should like to say. The statement of the Secretary of State that if more money is required he will fight for it is completely meaningless. There is such a thing as collective responsibility on the part of government, and all that he has said is that within the cabinet he will put forward a case for more money for the Atlantic provinces. Earlier today my friend to my left talked about the blind faith that people may have in the statements of the Secretary of State. I hope they will not exhibit blind faith in that statement, because it is completely meaningless except as an expression of opinion as to what he might do at some future date.

Clause agreed to.

Clause 7 agreed to.

On clause 8—*Duration.*

Mr. Pickersgill: Mr. Chairman, I should like to say a word on clause 8. There has been a good deal of exception taken to clause 8. A good deal of exception was taken again today to clause 8 in that it was suggested that we should not have a terminal date on the board. I am not entirely convinced by the arguments that have been made but I think there is a lot in them. I also think there is some likelihood that there might be some misunderstanding among many ordinary people that we were not serious about this matter. I had thought it would be a useful incentive to the board but it certainly is not essential to the legislation. Therefore I am going to ask my colleague, the Solicitor General, to move an amendment along the lines suggested to us by the hon. member for Victoria-Carleton to take clause 8 out of the bill and to renumber clause 9 as clause 8.

Mr. MacNaught: Mr. Chairman, I move:

That clause 8 of Bill C-80 be deleted and that clause 9 be renumbered clause 8.

Amendment agreed to.

Clause as amended agreed to.

Title agreed to.

The Deputy Chairman: Shall the bill carry?

Mr. Pickersgill: Just before you leave the chair, Mr. Chairman, I should like to thank the hon. member for Victoria-Carleton for his courtesy in making his amendments available ahead of time so that there would be an opportunity to consider them. It was a great convenience and I think it helped us to get the bill through more quickly.

Mr. Flemming (Victoria-Carleton): Mr. Chairman, may I simply comment that I appreciate the courtesy of the Secretary of State in the statement he has just made. I should also like to say how much I appreciate the action of the committee in allowing the legislation to continue beyond January 24, 1969.

Mr. Bell: I hope there is the same harmony on the board as there has been in the house this afternoon.

Bill reported.

The Acting Speaker (Mr. Batten): When shall the bill be read the third time? Now, by leave?

Some hon. Members: Next sitting.

Mr. Pickersgill: I wonder whether we could not have it read to remove from me any temptation to make another speech on Thursday.

Mr. Winkler: If that were the only reason we would agree.

The Acting Speaker (Mr. Batten): When shall the bill be read the third time?

Some hon. Members: Next sitting of the house.

Some hon. Members: Now.

Mr. Pickersgill: Now.

Mr. Bell: A non-maritimer objects to it.

The Acting Speaker (Mr. Batten): Next sitting of the house.

BUSINESS OF THE HOUSE

Mr. Churchill: Mr. Speaker, I wonder whether the house leader would like to give us the order of business for tomorrow and Friday.

Mr. Pickersgill: Tomorrow we will take third reading of the Atlantic development board bill and I will give an undertaking not to speak, if I get an undertaking from all other hon. members that they will reciprocate.

Mr. Monteith: No undertakings.

Mr. Pickersgill: Then, we will take second reading of the economic council bill. I hope that by six o'clock we will have completed second reading of the bill, so we can spend the evening on the resolution preceding the Department of Agriculture bill. I do not imagine we would need a third item for tomorrow, but if we do I will consult with hon. gentlemen about what it should be. On Friday we intend, as I have already indicated privately, to call the estimates of the Department of Transport. We are counting on the same leadership from the hon. member for Winnipeg South Centre, and the same co-operation in getting another department through on Friday.

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

APPENDIX "A"

AGREEMENT BETWEEN CANADA AND BRITISH COLUMBIA RESPECTING COLUMBIA RIVER

THIS AGREEMENT made this 8th day of July, 1963.

BETWEEN THE GOVERNMENT OF CANADA, herein referred to as "Canada",

AND THE GOVERNMENT OF BRITISH COLUMBIA, herein referred to as "British Columbia",

WHEREAS a treaty between Canada and the United States of America relating to co-operative development of the water resources of the Columbia river basin has been signed on the 17th day of January 1961; and

WHEREAS it is desirable that an agreement be made between Canada and British Columbia concerning implementation of the treaty and disposal of benefits arising thereunder:

Now Therefore this Agreement Witnesseth:

1. In this agreement "Treaty" means "the treaty between Canada and the United States of America relating to co-operative development of the water resources of the Columbia river basin" signed at Washington, District of Columbia, United States of America on the 17th day of January, 1961, together with any protocol or exchange of notes relating thereto.

2. All proprietary rights, title and interests arising under the treaty and particularly those with respect to

(a) downstream power benefits accruing to Canada,

(b) proceeds from the sale of downstream power benefits in the United States of America.

(c) moneys payable and electric power accruing to Canada in return for flood control,

(d) the stand-by transmission services rendered by transmission grids in the United States of America,

(e) benefits arising in Canada from any dam constructed pursuant to the treaty,

(f) rights of water diversion granted to Canada by Article XIII of the treaty, and

(g) moneys paid to Canada by the United States of America in settlement of any claim made by Canada under the treaty which relates in any way to the obligations of British Columbia under this agreement belong to British Columbia absolutely for its own use.

3. British Columbia shall at its own expense;

(a) construct or arrange for the construction of all the dams and operate or arrange for the operation of all of the storages as required by Articles II and IV of the treaty;

(b) not operate and prevent the operation of any storage in British Columbia in the manner prohibited by Article IV(5) of the treaty;

(c) prepare and make available for flooding the land in Canada required for the purposes of any dam constructed by the United States of America under Article XII of the treaty;

(d) not make and prevent the making of any diversion of water prohibited by Article XIII of the treaty;

(e) carry out or arrange for the carrying out of any variation in operation of any Kootenay river diversion agreed upon pursuant to Article XIII(6) of the treaty;

(f) abide by and carry out or arrange for the carrying out of any decisions made pursuant to Article XVI of the treaty which relate in any way to the obligations of British Columbia under this agreement;

(g) pay to Canada, upon demand therefor, all costs incurred by Canada in connection with proceedings under Article XVI of the treaty which relate in any way to the obligations of British Columbia under this agreement;

(h) carry out or arrange for the carrying out of anything required to be done by Canada under Article XVIII(3) of the treaty;

(i) carry out and give full force and effect to all conditions, provisions, orders and decisions imposed or made by the permanent engineering board established by the treaty; and

(j) generally do all those things which constitutionally it is capable of doing to ensure that Canada is not in default under the treaty and not do and so far as it is constitutionally capable prevent any person from doing anything which Canada has under the treaty undertaken to refrain from doing.

4. (1) It is acknowledged and agreed that Canada has the right and obligation to do all things which the treaty requires Canada to do that British Columbia has not undertaken to do by this agreement.

(2) Notwithstanding subsection (1) of this section Canada shall obtain the concurrence of British Columbia before:

(a) confirming by exchange of notes any operating plan pursuant to Article IV of the treaty;

(b) making any election pursuant to Article VI(5) of the treaty relating to payment for flood control;

(c) agreeing to any variation of entitlement to downstream power benefits pursuant to Article IX of the treaty;

(d) confirming any electrical co-ordination arrangement made pursuant to the treaty;

(e) agreeing to any diversion of water by the United States of America pursuant to Article XIII of the treaty;

(f) agreeing, as provided for in Article XIII(6) of the treaty, to any variation in the use of water diverted by British Columbia pursuant to that article;

(g) charging the entities designated pursuant to Article XIV of the treaty with any new power or duty; and

(h) terminating the treaty.

5. Canada shall, if requested by British Columbia, endeavour to obtain the agreement of the United States of America with respect to:

(a) any variation of the operation of any dam constructed under Article XII of the treaty;

(b) any modification of the area of land in Canada required for the purposes of any dam constructed under Article XII of the treaty;

(c) any diversion of water not provided for by the treaty;

(d) any new power or duty which British Columbia wishes to impose upon the entities designated under Article XIV of the treaty;

(e) any direction which British Columbia with the concurrence of Canada wishes given to the permanent engineering board established by the treaty; and

(f) any proposal relating to the treaty which Canada and British Columbia agree is in the public interest.

6. (1) Canada shall designate the British Columbia hydro and power authority as the Canadian entity for the purposes of Article XIV of the treaty and British Columbia shall ensure that the British Columbia hydro and power authority fulfills the obligations imposed on the Canadian entity by the treaty.

(2) British Columbia may nominate one of the two persons to be appointed to the permanent engineering board established by the treaty and Canada shall upon such nomination appoint the nominee to that board.

7. (1) Canada shall do whatever is reasonably possible to ensure compliance with the treaty by the United States of America and shall not waive any default or breach by the United States of America without having consulted British Columbia.

(2) Canada shall, at the request of British Columbia, present any claim deemed reasonable by Canada arising under the treaty which British Columbia wishes made against the United States of America.

(3) Canada shall establish any arbitration tribunal necessary to settle differences under the treaty and shall, after consultation with British Columbia, defend or prosecute, as the case may be, all differences submitted to such tribunal or to the international joint commission under the treaty.

8. (1) British Columbia shall indemnify and save harmless Canada from and in respect to any liability of Canada to the United States of America arising under the treaty.

(2) British Columbia shall not be required to indemnify Canada pursuant to subsection (1) of this section in respect of any liability to the United States of America directly attributable to any action or failure to take action by Canada.

(3) Canada shall not discharge any liability in respect of which it is indemnified pursuant to subsection (1) of this section without having consulted with British Columbia.

9. British Columbia shall maintain or arrange for the maintenance of complete accounts and records relating to;

(a) the discharge of the obligations of British Columbia under this agreement;

(b) the receipt and ultimate disposal of all moneys derived from the sale in the United States of America of any downstream power benefits arising under the treaty;

(c) the receipt and ultimate disposal of all moneys and other compensation derived from the provision of flood control under the treaty; and

shall comply with or arrange for compliance with any reasonable request for disclosure of any such account or record made by Canada of the permanent engineering board established by the treaty.

10. (1) Canada shall transfer to British Columbia the administration and control of any unimproved lands in Canada belonging to Canada which are required for the construction and operation of the dams and storages which British Columbia is obligated by this agreement to construct or operate.

(2) For the purposes of subsection 1 of this section the expression "lands" does not include lands forming part of an Indian reserve.

11. (1) As soon as may be convenient after execution of this agreement, Canada shall undertake negotiations with the United States of America with a view to entering into a protocol to the treaty embodying certain matters agreed to by Canada and

British Columbia and Canada shall thereafter with due diligence proceed toward ratification of the treaty.

(2) Any protocol entered into pursuant to subsection 1 of this section shall be attached to this agreement as schedule A and shall form part of this agreement.

12. (1) Canada agrees that the downstream power benefits arising in the United States of America under the treaty may be sold in the United States of America subject to terms that are acceptable to both Canada and British Columbia and that will ensure that the proceeds of the sale will contribute to savings in the cost of electric power in the province of British Columbia.

(2) Any agreement concluded under subsection 1 of this section with respect to the sale of downstream power benefits shall be attached to this agreement as schedule B and shall form part of the agreement.

(3) British Columbia will finance the treaty projects by use of the funds derived from the sale of the downstream power benefits arising in the United States of America, from the flood control benefits and from other sources as required, so that Canada shall have no obligation for the financing of these treaty projects.

13. (1) The construction of the dams and operation of the storages required by the treaty shall be carried out in accordance with all laws in force from time to time whether those of Canada or British Columbia.

(2) British Columbia shall take whatever steps are necessary to amend or appeal any law, permit or regulation and shall not enact any new law or regulation or issue any permit which may operate to frustrate, hamper or interfere with the carrying out of any undertaking in the territory of Canada provided for by the treaty.

(3) Canada shall do everything possible to expedite the issue of all licences and permits required under the laws of parliament by either British Columbia or the British Columbia hydro and power authority in order for them to carry out and perform their obligations under this agreement, including schedules A and B.

14. Canadian labour and material shall be used in all construction or operation of the dams and storages constructed or operated pursuant to this agreement to the full extent to which they are procurable, consistent with proper economy and the expeditious carrying out of the construction and operation and no person shall be discriminated against in the course of the construction and operation by reason of his race, colour, religion or political affiliation.

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15. (1) 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.

(2) In particular a liaison committee shall be established consisting of senior representatives of Canada and British Columbia.

(3) If differences or questions arise or allegations are made as to loss arising out of any action or failure to take action by either Canada or British Columbia which cannot be resolved through consultation they shall be submitted to the Exchequer Court of Canada for decision and that court has jurisdiction to determine the rights and liabilities of either party under this agreement.

(4) British Columbia shall, in respect of itself, procure the enactment of whatever legislation is necessary to implement subsection 3 of this section.

16. (1) British Columbia agrees that generators will be installed in the dam at Mica creek as soon as economically feasible.

(2) Subject to the requirements of British Columbia, British Columbia will make available to other provinces of Canada, through a national grid or otherwise, on a first call basis, electric power from the Columbia river and other power developments in the province of British Columbia at prices not higher than those obtainable by British Columbia from time to time from the United States of America for any comparable British Columbia entity electric power exported thereto.

17. This agreement binds Canada and British Columbia from the date of the agreement and thereafter so long as any obligation or right of either the United States of America or Canada exists under the treaty or any part thereof.

In witness whereof the undersigned, duly authorized by their respective governments have signed and delivered this agreement,

For the government of Canada on the 8th day of July, 1963

L. B. PEARSON
Prime Minister

PAUL MARTIN
Secretary of State
for External Affairs

For the government of British Columbia on the 8th day of July, 1963.

W. A. C. BENNETT
Premier and President of the
Executive Council

R. WILLISTON
Minister of Lands, Forests and
Water Resources

APPENDIX "B"

PROVINCIAL REPLIES RESPECTING ROYAL COMMISSION ON BICULTURALISM

PROVINCE OF MANITOBA
Office of the Premier
Winnipeg

May 16th, 1963.

Dear Prime Minister Pearson:

In the premier's absence I wish to acknowledge your letter of May 15 respecting a proposed inquiry by a royal commission on bilingualism and biculturalism.

Your letter will be drawn to the attention of the premier immediately upon his return to the office at the end of next week. In the meantime, I have taken the liberty of forwarding a copy of your letter to the acting premier, the Honourable Gurney Evans, minister of industry and commerce.

Yours respectfully,
Joan Cameron
Secretary to the premier

The Rt. Hon. Lester B. Pearson,
Prime Minister of Canada,
Ottawa 4, Ontario.

THE GOVERNMENT OF THE PROVINCE OF NEWFOUNDLAND
The Premier
St. John's

20 May, 1963.

Right Hon. L. B. Pearson, P.C., M.P.,
Prime Minister of Canada,
Ottawa.

My dear Prime Minister:

I thank you for your letter of May 15, enclosing draft terms of reference of the proposed royal commission on bilingualism and biculturalism and asking whether the government of Newfoundland would approve appointment of a royal commission.

In the 14 years that Newfoundland has been united with Canada our people have come to appreciate the basic importance to the unity of our country, of good relations between the two founding races of Canada. We share a long land border with the province of Quebec and in Labrador are coming into immediate contact with the problems associated with the bilingual and bicultural character of Canada.

The government of Newfoundland is ready and eager to make a constructive contribution to the solution of these problems; we cordially approve the proposal of a royal commission; we are quite happy with the draft of the terms of reference; and we are ready to cooperate fully in the work of the commission.

Sincerely yours,
J. R. Smallwood

PREMIER'S OFFICE
Regina, Saskatchewan

May 21st, 1963.

The Rt. Hon. L. B. Pearson, P.C.,
Prime Minister of Canada,
Ottawa, Ontario.

My dear Prime Minister:

This will acknowledge your letter dated May 15, 1963, regarding a possible royal commission inquiry on bilingualism and biculturalism.

As soon as my colleagues and I have had an opportunity to study and discuss the proposed terms of reference I shall write to you again with our detailed comments.

Yours sincerely,
W. S. Lloyd.

PRIME MINISTER AND PRESIDENT OF THE COUNCIL
Toronto, Ontario

May 24, 1963.

My dear Prime Minister:

I acknowledge the receipt of your letter of May 15 in which you invite our views on the establishment of a royal commission to inquire into and report upon the existing state of "bilingualism and biculturalism" in Canada and to recommend what steps should be taken to develop the Canadian confederation on the basis of an equal partnership between the two founding races, taking into account the contribution made by other ethnic groups to the cultural enrichment of Canada.

As a province whose own history and development, from the days of Champlain, Frontenac and LaSalle, has been profoundly influenced and enriched by the sons and daughters of French Canada, along with leaders and peoples of other lineage of bygone days, Ontario has the largest French speaking community outside Quebec. It is natural and logical, therefore, that we should react positively to this all Canadian outlook, and we do so with a good heart.

Please accept, therefore, my assurance on behalf of the government and people of Ontario that this course has our very warm approval, and as the terms of reference, as laid down, have been announced in the press, you will be proceeding on such basis. If the Canadian confederation is to survive and flourish, our partnership must be a true one —in fact, in spirit, and in purpose—and may I say to you that when the proposed commission is finally established, we shall leave nothing undone to facilitate its work in our province.

I am fully persuaded that if we approach these unsolved problems with patience, understanding and good will, if we learn the necessary lessons from our failures and draw upon the wisdom gained from almost a century of experience, we can in the next four years do much to strengthen and ensure the concept of the Canadian confederation so that Canada's centennial will be an occasion of rejoicing and of fulfilment.

With kind personal regards and best wishes,

Sincerely yours,

John P. Robarts

Right Honourable Lester B. Pearson,
Prime Minister of Canada,
House of Commons,
Ottawa, Ontario.

THE PREMIER
Nova Scotia
Halifax

May 24, 1963.

Dear Mr. Prime Minister:

I wish to acknowledge your letter of May 15 with enclosure regarding the proposed royal commission concerning bilingualism and biculturalism.

I have now had an opportunity to confer with my colleagues concerning your inquiry.

It is, of course, not possible for the government of Nova Scotia to determine whether or not a royal commission is the best approach to this problem across the nation. That, of course, would be a decision for your government to take. I can assure you, however, that if your government decides to appoint such a commission the province of Nova Scotia will offer such a commission every co-operation.

Yours sincerely,

R. L. Stanfield

The Honourable Lester B. Pearson
Prime Minister of Canada
Ottawa, Canada

The Government of the Province of New Brunswick

THE PREMIER
Fredericton,

May 24th, 1963.

Dear Mr. Prime Minister:—

I have carefully reviewed the terms of reference of the proposed royal commission on bilingualism and biculturalism in Canada and find them very comprehensive and quite adequate. Consequently, the government of New Brunswick endorses the proposal and offers our utmost co-operation.

Yours sincerely,

Louis J. Robichaud

The Right Honourable L. B. Pearson,
Prime Minister of Canada,
Ottawa, Ontario.

OFFICE OF THE PRIME MINISTER
Province of Quebec

Quebec, May 27, 1963.

Honourable Lester B. Pearson,
Prime Minister of Canada,
Parliament Buildings,
Ottawa.

Mr. Prime Minister,

I have your letter of May 15 concerning the holding of an inquiry on biculturalism and bilingualism.

I have submitted your letter to my colleague, together with the terms of reference of the royal commission that would conduct the enquiry.

I am pleased to inform you that the government of Quebec favours the holding of such an inquiry, in consultation with the provincial governments, as you suggest.

In that respect, we trust that this commission will be made up in accordance with the principle set out in the preamble to the terms of reference, i.e. "an equal partnership between the two founding races of the Canadian confederation, taking into account the other ethnic groups".

Yours sincerely,

Jean Lesage

OFFICE OF THE PREMIER
Edmonton

May 28th, 1963.

Right Honorable L. B. Pearson,
Prime Minister of Canada,
Ottawa, Ontario.

My dear Prime Minister:

My colleagues and I have given careful consideration to your letter of May 15 and

to the terms of reference for the proposed royal commission on bilingualism and biculturalism.

In response to your request, we wish to advise that, while we are not opposed to such a study being undertaken, unless the terms of reference are clarified to make more explicit the objectives which it is hoped to achieve we have serious doubts as to its advisability and practical value.

To amplify, in the matter of biculturalism, if the objective is to encourage citizens of all racial and ethnic origins to make their maximum contribution to the development of one over-all Canadian culture embracing the best of all, we feel this would meet with widespread endorsation and support.

If, on the other hand, the objective is to give some form of official recognition to a dual English and French culture, we suggest that this is unrealistic and impracticable and we doubt that it would meet with any widespread public acceptance.

In the matter of bilingualism, if the objective is to encourage Canadian citizens to become fluent in two or more languages, certainly on the part of most Canadians this would be welcomed.

If the purpose is to extend recognition of French as an official language in areas and spheres beyond those in which it was guaranteed official status at the time of confederation, we feel that it would not meet with general public acceptance and the consequences, in our opinion, would impair rather than strengthen Canadian unity.

We offer these observations for your consideration in arriving at a final decision in the matter proposed in your communication.

Very sincerely yours,

E. C. Manning
Premier.

PREMIER'S OFFICE
Prince Edward Island

May 28, 1963.

Right Honourable L. B. Pearson
Prime Minister of Canada
Ottawa, Canada

My dear Prime Minister:

I have your letter of May 15, regarding an inquiry with the provinces of Canada on bilingualism and biculturalism.

I have not had an opportunity of discussing this matter with other members of my cabinet, so I am not in a position to fully advise of their views regarding the most suitable approach to this important question.

Recognizing, however, that the decision of your government favors the formation of a commission to conduct the studies indicated, I can assure you that this province will accept your proposal, on the understanding as expressed in your letter that any commitments or recommendations from this commission will not be binding on the government of our province.

Yours sincerely,

W. R. Shaw,
Premier.

Province of Manitoba

OFFICE OF THE PREMIER
Winnipeg

May 31, 1963.

My dear Prime Minister:

My colleagues and I have studied with care the proposal outlined in your letter of May 15 to inquire into biculturalism and bilingualism in Canada by means of a royal commission.

May I say at once that this question requires full and serious attention by our people and that you may therefore be assured of the full co-operation of the government of Manitoba in the proposed investigation. Indeed I believe that this province may have a unique contribution to make in the search for a wholehearted consensus on national unity and cultural development because of our experience in integrating the contributions of many cultures into Manitoba's basic French-English cultural background.

In expressing agreement with the aim of the proposed royal commission I feel bound, however, to raise the question of whether the problem Canada faces today can be dealt with within these limits. The basic issue appears to me to go beyond the purely cultural relationships of Canadians, and may indeed embrace the intergovernmental framework of the nation, including its fiscal aspect. It would seem that this view has already been placed before your government by some at least of my fellow premiers, including the prime minister of Quebec.

I would hope, therefore, that the appointment of the royal commission would not delay a more fundamental examination of the question. This examination, I suggest, may best be considered by direct federal-provincial discussions, possibly along the lines of the meeting envisaged by your predecessor in his letter of February 4 last to provincial premiers. Manitoba would indeed be happy to join in the search for co-operative federalism, a phrase which well reflects our own policy of full co-operation in the working of our confederation.

In regard to the third point in the suggested terms of reference, I would mention that Manitoba has already taken steps to improve and extend the teaching of French in our public schools. While the educational aspect of bilingualism is of first importance, I doubt that this can usefully be separated from its constitutional implications. It is for this reason that I suggest that, as a matter of procedure, while the royal commission may seek information from the provinces and make recommendations thereon, the consideration of this subject should be a matter for intergovernmental discussion rather than of discussion between the royal commission and provincial governments.

I am taking the liberty of making this letter public as of Monday, the 3rd of June.

Yous sincerely,
Duff Roblin.

The Rt. Hon. L. B. Pearson P.C., M.P.,
Prime Minister of Canada,
East Block,
Ottawa 4, Ontario.

OFFICE OF THE PREMIER
Victoria, British Columbia

May 31st, 1963.

The Right Honourable L. B. Pearson,
Prime Minister of Canada,
Ottawa, Canada.

Dear Sir:

In the absence of the premier, I wish to acknowledge receipt of your letter of May 15, and enclosure, re commission of inquiry on bilingualism and biculturalism.

Yours faithfully,
(Mrs.) K. R. Mylrea,
Secretary to the premier.

PREMIER'S OFFICE
Regina,

June 7th, 1963.

The Rt. Hon. Lester B. Pearson,
Office of the Prime Minister,
Ottawa, Ontario.
My dear Prime Minister:

With further reference to your letter dated May 15, 1963 regarding a possible royal commission on bilingualism and biculturalism, I now wish to advise that the province of Saskatchewan will be pleased to take advantage of any opportunities to discuss with the commission problems related to biculturalism.

In the meantime my colleagues and I are discussing ways in which we can best make a contribution to the commission's inquiry and how best to undertake appropriate provincial studies.

Yours sincerely,
W. S. Lloyd

HOUSE OF COMMONS

Thursday, July 11, 1963

The house met at 2.30 p.m.

BANKING AND COMMERCE

SECOND AND THIRD REPORTS OF STANDING COMMITTEE—CONCURRENCE IN THIRD REPORT

Mr. Edmund Asselin (Notre Dame de Grace) presented the second and third reports of the standing committee on banking and commerce, and moved that the third report be concurred in.

Motion agreed to.

FINANCE

TABLING OF OPINION ON VALIDITY OF CERTAIN APPOINTMENTS

Right Hon. L. B. Pearson (Prime Minister): On July 5 the hon. member for Winnipeg North Centre asked the Acting Prime Minister for a legal opinion on the validity or otherwise of the appointment of certain persons to carry out special services in the Department of Finance.

I would like to table copies of a letter addressed on July 8, 1963, to the Clerk of the Privy Council by the deputy attorney general on this subject.

TRADE

CUBA—INQUIRY AS TO GOVERNMENT POLICY

On the orders of the day:

Mr. P. V. Noble (Grey North): I should like to address a question to the Minister of Trade and Commerce. Is it the policy of this government to promote increased trade with Cuba, similar to the approach made by the former Conservative administration?

Hon. Mitchell Sharp (Minister of Trade and Commerce): In view of the fact that I have not had notice of this question I think I should perhaps answer it tomorrow.

Mr. Noble: A supplementary question—

Mr. Speaker: Order. I think we should leave it there. The minister said he would take this as notice and answer the question tomorrow.

[*Later:*]

Mr. Noble: Mr. Speaker, I should like to direct this question to the Minister of Trade and Commerce. Now that fish rationing has ended in Cuba, will the government make an effort to sell more fish products to that country?

Mr. Sharp: Mr. Speaker, as I said in reply to an earlier question, I think I should deal with these questions of trade relations with Cuba all at once, and I will bear this question in mind when I am making my answer tomorrow.

(Translation):

DOMINION-PROVINCIAL RELATIONS

MUNICIPAL LOAN FUND—RESOLUTION OF QUEBEC LEGISLATURE

On the orders of the day:

Hon. Leon Balcer (Three Rivers): Mr. Speaker, I wish to direct a question to the Prime Minister.

Could the Prime Minister tell us whether he has received the resolution unanimously carried by the Quebec legislature condemning the bill of federal assistance to municipalities, as well as an explanatory letter from Premier Lesage?

(Text):

Right Hon. L. B. Pearson (Prime Minister): To the best of my knowledge no such resolution has been received, but I will inquire when I go back to my office.

(Translation):

Mr. Balcer: I wish to put a supplementary question Mr. Speaker. Is the Prime Minister aware that Premier Lesage tabled this morning in the legislature a letter written to the Prime Minister of Canada in this connection?

(Text):

Mr. Pearson: No, Mr. Speaker. I will look into the matter immediately.

[*Later:*]
(Translation):

Mr. Gilles Gregoire (Lapointe): Mr. Speaker, I should like to put a supplementary question arising out of what was said a while ago. Has the Prime Minister taken into consideration the protests and remarks of the premier of Quebec in respect to that bill?

(Text):

Mr. Pearson: Yes, Mr. Speaker, I have taken those into consideration.

Mr. D. M. Fisher (Port Arthur): Mr. Speaker I should like to ask the Prime Minister a question that is an offshoot of that put by the hon. member for Three Rivers. Can he be more definitive or definite with the house in terms of time with regard to bringing forward the municipal development and loan fund legislation, in view of the fact that many Ontario municipalities have staged winter projects in anticipation of it?

Mr. Pearson: Mr. Speaker, we hope to proceed as quickly as possible with this piece of legislation which is on the order paper. How soon that will be, will depend on the progress made with the legislation now before the house.

Mr. Fisher: A supplementary question, Mr. Speaker. Could we have an assurance from the Prime Minister that any developments that may have taken place in Quebec will have no bearing at all upon the intention to proceed in this house?

Mr. Pearson: Mr. Speaker, the provinces have an interest in this matter. They may be discussing it themselves at their conference in Halifax in August, but we have put the legislation on the order paper with the intention of proceeding with it.

Mr. Stanley Knowles (Winnipeg North Centre): A supplementary question, Mr. Speaker. Can we be informed whether it will be proceeded with before the meeting of the provinces in August?

Mr. Pearson: That will depend on the progress made with other legislation before the house, including the budget resolutions.

Mr. H. A. Olson (Medicine Hat): A supplementary question, Mr. Speaker. Can the Prime Minister inform the house whether any letters of acceptance or protest regarding this bill have been received from provinces other than the province of Quebec?

Mr. Pearson: Mr. Speaker, to the best of my knowledge the only communication received from the provinces has been from the province of Quebec, but I should like to check on that before I give a definitive answer in regard to this particular piece of legislation. I will be glad to go into the matter tomorrow.

Mr. Knowles: A supplementary question, Mr. Speaker. In view of the Prime Minister's assertion that proceeding with this legislation depends upon the progress with regard to other legislation, may I ask if it would be appropriate for this matter to be discussed by the representatives of all four parties when we are discussing the legislation to be proceeded with by the house?

Mr. Pearson: Yes, it would be perfectly proper to discuss that in connection with the informal discussions that take place about house business.

[*Later:*]

Mr. Knowles: Mr. Speaker, may I direct a question to the Secretary of State. In view of the suggestion made by the Prime Minister that proceeding with the municipal loan fund legislation depends on the arranging of the business of the house, will the Secretary of State call another meeting of the representatives of the four parties so that we might discuss this matter which, as he knows, we have not yet done?

Hon. J. W. Pickersgill (Secretary of State): Mr. Speaker, I do not think the hon. gentleman intends to refer to the subjects that have been discussed in our private meetings; therefore I will not contradict him. But I would hope it might be possible at 5.30 this afternoon—and it will save me a little trouble if they take this as notice—for the hon. gentlemen who usually consult with me to consult with me about the business of the house for the next few days, but I believe the consultation would be on a somewhat wider basis.

Mr. Knowles: On a question of privilege, Mr. Speaker, I wish to make it quite clear that I agree with the Secretary of State that what goes on in these meetings should not be disclosed. But I think he would agree with me that the impression should not have been left by the Prime Minister that it was because of our inability to arrange for this legislation that it has not been proceeded with.

Some hon. Members: Hear, hear.

Mr. Pickersgill: Mr. Speaker, since the hon. gentleman has seen fit to rise on a question of privilege I would say that I think the impression he thinks the Prime Minister created is entirely in his own mind.

Some hon. Members: Oh, oh.

Mr. Pickersgill: The impression I got from what the Prime Minister said was that we had laid down a certain program of government business, as I think is incontestably the right of the government, and certain things that we thought ought to be given priority, and that when those things were disposed of there would be an opportunity to go on with the other items on the order paper.

That, I think, is a correct, factual and objective interpretation of what the Prime Minister said; and it is always wiser to take the words rather than someone else's impression on what the words mean.

Mr. Arnold Peters (Timiskaming): Mr. Speaker, does the Secretary of State not think it would be more advantageous to decide what these items are and state them to the house rather than negotiate on them, so that all hon. members would be familiar with the terms of the legislation to be presented and so a date for the recess could be arranged without this negotiation, where new things can be added and new negotiations can be undertaken?

Mr. Pickersgill: Mr. Speaker, the remarkable co-operation given at all times by the hon. gentleman leads me to believe that anything he would concur in would speed up the business of the house.

Mr. Peters: Mr. Speaker—

Mr. Speaker: Order, please. This is becoming a debate.

(Translation):

[*Later:*]

Mr. L. J. Pigeon (Joliette-L'Assomption-Montcalm): Mr. Speaker, may I direct a question to the President of the Privy Council? Can the minister tell the house why Mr. Claude Morin, deputy minister of federal-provincial affairs in Quebec, came to Ottawa recently?

WORLD FAIR

CONGRATULATIONS TO MINISTER—INQUIRY AS TO FEDERAL ASSISTANCE

On the orders of the day:

Mr. Gilles Gregoire (Lapointe): Mr. Speaker, I should like to put a question to the Prime Minister.

Since the rules of the house often afford us the opportunity to criticize the government, but seldom to congratulate it, I shall take the liberty to do so in compliance with parliamentary practice.

Would the Prime Minister allow me to congratulate the Minister of Public Works (Mr. Deschatelets) on the able manner in which he conducted the preliminary work for the world exhibition.

Some hon. Members: Hear, hear.

[*Later:*]

Mr. L. J. Pigeon (Joliette-L'Assomption-Montcalm): Mr. Speaker, I should like to direct a question to the Minister of Public Works, who is responsible for the world fair. Does the federal government intend to provide financial assistance to the city of Montreal and the province of Quebec concerning the construction of access roads, such as bridges and roadways, for the world fair?

Hon. J. P. Deschatelets (Minister of Public Works): Mr. Speaker, an agreement has been signed by the city of Montreal, the province of Quebec and the federal government, and the obligations of all three parties are clearly set out therein. There is no question of changing that agreement.

Mr. Pigeon: A supplementary question, Mr. Speaker. Has the minister received a letter from the provincial minister of highways requesting a financial contribution from the federal government?

Mr. Deschatelets: No, Mr. Speaker.

(Text):

POWER

COLUMBIA RIVER—TERMINOLOGICAL EXACTITUDE OF AGREEMENT BETWEEN CANADA AND B.C.

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): My question is one for the Secretary of State for External Affairs. It is based on discussions I have had with intelligent members of the House of Commons and some of the brightest minds of the press gallery. Can the minister assure the house that the clauses of the agreement between the government of Canada and the government of British Columbia with respect to the Columbia river treaty are so clearly and properly drawn that there would be no possibility of misunderstanding their meaning in the days ahead?

Hon. Paul Martin (Secretary of State for External Affairs): I can think of no better compliment to the hon. gentleman than to recognize his own appreciation of the value of precision in language and the value of lucidity in expression, I am sure the hon. gentleman recognizes these qualities in the document I had the honour of tabling yesterday.

[*Later:*]

Mr. T. S. Barnett (Comox-Alberni): Mr. Speaker, I have a question for the Secretary of State for External Affairs which has to do with the lucidity which he attributes to the document which he tabled yesterday. I am wondering whether the Secretary of

State for External Affairs considers an example of that lucidity to be the latter part of subsection (j) of section 3 of the agreement, which is to be found in appendix "A" at page 2059 of yesterday's *Hansard*. This subsection uses these words:

—and not do so far as it is constitutionally capable prevent any person from doing anything which Canada has under the treaty undertaken to refrain from doing.

I wonder whether the minister would be good enough to clarify, for the members of the house, the meaning of that particular section of the agreement.

Mr. Martin (Essex East): Mr. Speaker, I do not think on the orders of the day it is open to us to discuss the meaning of what is clearly a lucid expression and is a very good example of precision in language.

NATIONAL DEFENCE

ALLEGED DENIAL BY MINISTER OF INFORMATION PUBLISHED ELSEWHERE

On the orders of the day:

Hon. Gordon Churchill (Winnipeg South Centre): I should like to direct a question to the Minister of National Defence. Does the minister consider that military information published by NORAD is classified and therefore not to be published in Canada?

Hon. Paul Hellyer (Minister of National Defence): If the information is published it is unclassified.

Mr. Churchill: Then I have to rise on a question of privilege and draw the attention of the house to the fact that in an answer given yesterday the minister stated that classified information was required in an answer to two questions and therefore it could not be made public. I refer to page 2034 of *Hansard*, the second column, to a question asked by the hon. member for Burnaby-Coquitlam. The first part of the question reads as follows:

As of January 1 each year from 1957 to 1963, how many Soviet bombers, by types, have been estimated capable of making at least a one way attack on the main industrial areas of southern Canada and the northern United States?

The answer given by the minister is:

Since the information requested is classified it should be appreciated that it would not be in the public interest for the government to answer these questions.

I have in front of me a copy of a publication by headquarters, North American air defence command, office of information, called "The NORAD Story" published in the spring of 1961, in which occur these sentences:

The Soviets now have 1,200 first line jets in their bomber force. Mr. Khrushchev says that they do not intend to build any more. Even if they don't, the Soviets, by cannibalizing parts, could still have an attack force of more than 500 of these atomic carriers as late as 1970 . . . Those 500 bombers could dump an estimated 1,000 megatons of destructive energy on this continent.

In the Ottawa *Journal* of April 1, 1963 Mr. Dave McIntosh states:

North American air defence command estimates that Russia has 1,000 bombers that could reach North American targets.

Then he names the types. The minister tells us that this information is classified, yet we get the information from other sources. He says that if NORAD publishes it, it is not classified. Consequently the house is being misled with regard to essential information.

Mr. Hellyer: Mr. Speaker, on this question the figures which the hon. gentleman has just read are, of course, approximations, or if I may use the expression used the other day in the committee, ball park figures. They are not precise figures; therefore they are not, as he has said, classified. The question put on the order paper by the hon. member for Burnaby-Coquitlam asked for specific information in respect to quantities and types of aircraft, and if I had produced figures which were rounded and not accurate, and any person could have substantiated the fact that they were not accurate, then I would have been accused of misleading the house.

It is not the practice to produce exact information in respect to the Soviet threat. It is not produced on an unclassified basis by NORAD, nor is it produced in Canada on an unclassified basis, and I am sure my hon. friend is very much aware of this. There was no misleading whatsoever. We cannot produce exact figures; therefore it was impossible to answer the question in the form in which it was asked.

Mr. Churchill: I have a supplementary question, Mr. Speaker. If the minister authorizes publication of the figure that there are approximately 400 ocean going Russian submarines, why could he not then authorize publication of figures with regard to the number of bombers which might be capable of attacking this continent?

Mr. Hellyer: As I indicated before, they would be approximations, as was the case with the rounded number in respect to the number of Soviet submarines.

[*Later:*]

Mr. Andrew Brewin (Greenwood): Mr. Speaker, the question I intended to ask was to be directed to the Minister of Defence and arose out of the point of privilege raised by the hon. member for Winnipeg South Centre. Can the minister of defence tell us, if the

approximate information as to Soviet bombers asked in the question of the hon. member for Burnaby-Coquitlam is not classified, why that information should not have been given in answer to the question on the order paper?

Mr. Hellyer: The question did not ask for approximate information, Mr. Speaker.

Mr. Brewin: As a supplementary question, it asked for estimated figures. Can the minister tell us the difference between approximate and estimated figures.

Mr. Hellyer: Yes; the estimates asked for are quite accurate.

Mr. Peters: The only thing that is accurate in that department.

COMMONWEALTH RELATIONS

MALAYSIA—INQUIRY AS TO FORMAL RECOGNITION BY CANADA

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. It is not about the Columbia river, but I think it is on a matter which is at least as important. It concerns the establishment of the Malaysian federation, which I know is welcomed by Canadians and commonwealth citizens generally. Could the minister advise whether and how the government has taken official notice of this happy and propitious event, and what are the plans for establishing diplomatic representations with this important new country?

Hon. Paul Martin (Secretary of State for External Affairs): Mr. Speaker, with regard to the last part of the question this, of course, is a matter which will have to be considered, as it is now being considered, in the light of the date when the federation is expected to come into being, which is August 31.

EXTERNAL AFFAIRS

REPORTED ACTION BY U.S. TO FREEZE CUBAN ASSETS

On the orders of the day:

Mr. H. A. Olson (Medicine Hat): Mr. Speaker, last Tuesday I asked the Secretary of State for External Affairs a question respecting the new United States regulations affecting Cuban trade and assets. Whether or not there is a question of privilege involved will depend, I think, on what his reply is today. At that time he said the government was investigating the matter, and in this morning's press there is an article purporting to state the official policy of the government.

Can he now answer the question I asked him last Tuesday respecting the new United States regulations applying to Cuban trade and assets? When he answered me last Tuesday, as I pointed out, he indicated that the government was examining these new regulations to ascertain whether any Canadian interests might be affected.

Hon. Paul Martin (Secretary of State for External Affairs): I thank my hon. friend for giving me notice of this question. I have not seen the story to which my hon. friend directs my attention. I can only say the matter is not yet decided, because all of the facts are not before us. When these are before us we will decide what course should be taken, if any, and the house will be duly advised.

Mr. G. H. Aiken (Parry Sound-Muskoka): A supplementary question. Has there been any change from the policy of the previous government toward Cuba? My question arises from a Canadian Press article appearing in several newspapers this morning.

Mr. Speaker: Order. I do not really see any urgency in that question, unless the minister wants to answer it.

Mr. Olson: A supplementary question, Mr. Speaker.

Mr. Aiken: I should like to have an answer.

Mr. Speaker: There are serious doubts about the question in the first place, but I do not think we should enter into a debate on the point at this stage. The minister has taken notice of it and I am sure he will reply in due course.

Mr. Martin (Essex East): Mr. Speaker, perhaps I could deal with it quickly. I would say in reply that if and when there should be any significant modifications in Canada's diplomatic or other relations with Cuba the house will be informed, in the same way as in the case of Canada's relations with other countries.

NEGOTIATIONS FOR CORRIDORS THROUGH ALASKA PANHANDLE

Mr. Erik Nielsen (Yukon): Mr. Speaker, I have a question for the genial, generous but garrulous Secretary of State for External Affairs now that he has the Columbia river treaty negotiations apparently smoothly under way. Will he inform the house whether negotiations have yet been commenced with the government of the United States for corridors through the Alaskan Panhandle, thereby providing access to tidewater for northern British Columbia and the Yukon?

Inquiries of the Ministry

Hon. Paul Martin (Secretary of State for External Affairs): Mr. Speaker, the answer is no.

(Translation):

STORMS

REPORTED DAMAGE BY TORNADO

On the orders of the day:

Mr. Gerard Laprise (Chapleau): Mr. Speaker, I should like to direct a question to the Prime Minister. Could he tell whether the Quebec government has asked the federal government to provide assistance for farmers of western Abitibi whose farm buildings were destroyed by a tornado June 30 last?

(Text):

Right Hon. L. B. Pearson (Prime Minister): To the best of my knowledge, Mr. Speaker, no such request has been received.

FINANCE

SALES TAX—INQUIRY AS TO LETTER FROM LUMBERMEN'S ASSOCIATION

On the orders of the day:

Mr. A. D. Alkenbrack (Prince Edward-Lennox): I have a question for the Minister of Finance. Has the minister received a letter from the executive officers of the Canadian Lumbermen's Association, informing him of the chaos and crippling confusion—

Mr. Speaker: Order, please.

Mr. Alkenbrack: —created throughout both the production and sales field—

Mr. Speaker: Order.

Mr. Alkenbrack: —of the Canadian lumbering industry, by the imposition of the sales tax—

Mr. Speaker: Order. Will the hon. member please sit down? The hon. member must know that when the Speaker stands hon. members are supposed to take their seats. This question is out of order.

[*Later:*]

Mr. Alkenbrack: May I reword my question so that it will be in order?

Mr. Speaker: I hope so.

Mr. Alkenbrack: I would like to ask the Minister of Finance whether he has received the aforementioned letter from the Canadian Lumbermen's Association, pointing out the situation they are in?

Hon. Walter L. Gordon (Minister of Finance): I have received the letter, Mr. Speaker, and I think their situation will be relieved very considerably by the action taken on Monday.

[Mr. Nielsen.]

Mr. Donald MacInnis (Cape Breton South): As a supplementary question, did not this letter come to the minister's attention since the action he says took place on Monday?

PUBLIC WORKS

NOVA SCOTIA—REQUEST FOR DREDGING OF LA HAVE

On the orders of the day:

Mr. Lloyd R. Crouse (Queens-Lunenburg): I should like to direct a question to the Minister of Public Works. In view of the silting that has filled in the channels of the La Have river, especially near Bridgewater, Nova Scotia, causing pulp and pit prop carriers with 21 foot draft to cancel their loading charters at this port, will the minister give consideration to carrying out immediate dredging in this area, which is urgently required in order to maintain shipping schedules during this summer?

(Translation):

Hon. J. P. Deschatelets (Minister of Public Works): Mr. Speaker, I shall contact the engineers of the department. I appreciate that the question is urgent and I shall consider it as such. I shall inform the hon. member as soon as I receive a report.

PUBLIC SERVICE

PRINTING BUREAU—INQUIRY AS TO HOURS OF WORK

On the orders of the day:

Mr. Marcel Lessard (Lake St. John): Mr. Speaker, I should like to direct a question to the Secretary of State. Could the hon. gentleman tell the house whether it is true that civil servants at the national printing bureau must work nine hours a day, without any interruption, to print the official report of debates of the House of Commons?

(Text):

Hon. J. W. Pickersgill (Secretary of State): Mr. Speaker, I believe it is against the rules to ask the minister whether or not certain statements are true or to convey information to the house. If the information the hon. gentleman seeks to convey is correct, I think it is unfortunate. I shall have to make some inquiries to find out.

DEFENCE PRODUCTION

REPORTED INTENTION TO CANCEL FRIGATE PROGRAM

On the orders of the day:

Hon. Paul Martineau (Pontiac-Temiscamingue): Can the Minister of National Defence say whether he has now completed his review of the general purpose frigate program?

Hon. Paul Hellyer (Minister of National Defence): Not yet, Mr. Speaker.

Mr. Martineau: May I ask a supplementary question. Will the minister, in the protracted consideration he is now giving that matter, consider the statement made by the chief of the naval staff that such ships are necessary for the Canadian navy?

Mr. Hellyer: Yes, Mr. Speaker.

HOUSING

SUDBURY—LOCAL IMPROVEMENT TAXES ON LAND ASSEMBLY PROJECT

On the orders of the day:

Mr. D. R. Mitchell (Sudbury): I should like to direct a question to the Minister of National Revenue, who is responsible for Central Mortgage and Housing Corporation. Has the minister's attention been drawn to recent articles in the Sudbury *Star* regarding the Northern Heights land assembly project, in which it is claimed residents cannot afford the payment of local improvement taxes, and that in any case they were under the impression when they bought the land that the price included local improvement charges?

Some hon. Members: Order.

Hon. J. R. Garland (Minister of National Revenue): Mr. Speaker, I would like to thank the hon. member for giving me notice of his question, which I can assure you is a matter of concern and urgency to some citizens. I am aware of the articles referred to, and also of the fact that certain purchasers of these lots are unhappy about the tax on local improvements.

The normal procedure in the sale of land assembly lots is for the purchase price to include the full cost of the land and approximately 50 per cent of the cost of services. The remaining 50 per cent is collected by the municipality on behalf of the federal-provincial partnership over a 15 year period by means of a special tax levy.

The claim by some residents that they were under the impression, when they bought the lots, that the price included full local improvement charges is difficult to understand. All purchasers bought the lots with the full knowledge that they were paying only 50 per cent of the cost of services. This information was included in the sales literature issued by Central Mortgage and Housing Corporation, in several newspaper advertisements associated with the project and in the offer to purchase forms signed by all purchasers, and was further explained by the local corporation representatives at the time of sale.

Hon. Michael Starr (Ontario): On a point of order, Mr. Speaker, I would like clarification for my own benefit as to the difference between the question asked by the hon. member for Sudbury (Mr. Mitchell) and answered by the minister, and that asked by the hon. member for Prince Edward-Lennox (Mr. Alkenbrack) which was ruled out of order?

Mr. Speaker: I would be very glad to inform the hon. member for Ontario. First of all, according to rule 39, in putting any such question or in replying to the same—

> —no argument or opinion is to be offered, nor any facts stated, except so far as may be necessary to explain the same;

It was my judgment, rightly or wrongly, that the hon. member for Prince Edward-Lennox was offering not only opinion but a very decided opinion in asking the question. Furthermore, I called on him three times to desist and he did not. If there is to be any co-ordination in the chamber it follows that the Speaker, at question time, must have the right to exercise his best judgment as to when a question is proper and when it is not.

So far as the hon. member for Sudbury is concerned, there was a little noise and I only heard half his question, so I am in no position to render judgment on that one. But may I point out that if the Speaker requests co-operation and asks an hon. member kindly to sit down during the rendering of judgment on a question, then I think the hon. member concerned should conform to that request. Otherwise the attempt to ask questions which may or may not be in order only leads to confusion. For that reason I took the stand I did.

Mr. Alkenbrack: On a point of privilege, Mr. Speaker, I humbly regret having not sat down when you requested me to do so, but I was looking in the direction of the minister of whom I asked the question.

REGULATIONS RESPECTING BONUS ON WINTER CONSTRUCTION

On the orders of the day:

Mr. George Muir (Lisgar): Mr. Speaker, I should like to address a question to the Minister of Labour. Would the minister tell us when the regulations covering the $500 subsidy on winter housing construction will be printed and made available to the public.

Hon. A. J. MacEachen (Minister of Labour): Mr. Speaker, the regulations are being developed at the present time. They will be released just as soon as that process is completed.

Inquiries of the Ministry

GRAIN

DURUM WHEAT—REQUEST FOR INCREASED QUOTAS

On the orders of the day:

Mr. Lawrence Watson (Assiniboia): Mr. Speaker, I would like to direct a question to the Minister of Trade and Commerce. Due to the fact that the quota on Durum wheat is based on specified acres and the quota on hard wheat is based on cultivated acres, a 15 bushel Durum quota is only equal to 7½ bushels on hard wheat. Will the minister look into the matter of another Durum quota at once, to equalize this situation, as there are only 14 days left in the current crop year?

Hon. Mitchell Sharp (Minister of Trade and Commerce): I thank the hon. gentleman, Mr. Speaker, and I shall bring this to the attention of the Canadian wheat board. I would direct his attention, however, to the statement I made in the house when I outlined the wheat board policy with respect to quotas for the balance of the wheat year. At that time I gave the views of the wheat board on what would be an appropriate Durum wheat quota, and while I am prepared to bring this again to the attention of the board I have no intimation that they intend to change their policy.

(Translation):

CANADIAN BROADCASTING CORPORATION

INQUIRY AS TO POSSIBLE STRIKE OF ARTISTS

On the orders of the day:

Mr. Guy Marcoux (Quebec-Montmorency): Mr. Speaker, I should like to direct a question to the Secretary of State? What action does the minister intend to take following the C.B.C. decision to reject the report submitted by Mr. Justice Jules Poisson and the decision of the Federation of Authors and Artists of Canada to accept those considerations?

(Text):

Hon. J. W. Pickersgill (Secretary of State): Mr. Speaker, I do not think there is any action required by a minister or the government. I understand the two parties to the dispute are discussing this matter at the present time, and I am led to believe that a satisfactory arrangement is likely to be reached.

(Translation):

Mr. Marcoux: Mr. Speaker, may I ask a supplementary question? Is the minister aware of the reports made yesterday in the newspapers that C.B.C.'s artists might go on strike immediately?

(Text):

Mr. Pickersgill: Well, I believe, sir, it is not unusual for there to be some mention of the possibility of a strike at a time when there is a dispute going on between employers and employees, and the mere fact there is mention of the possibility of a strike would not, it seems to me, warrant the government, the minister or any third party intervening as long as the two parties are bargaining.

HEALTH AND WELFARE

DIEFFENBACHIA—REPORTED POISONOUS QUALITIES

On the orders of the day:

Mr. Gerard Chapdelaine (Sherbrooke): Mr. Speaker, I wish to direct a question to the minister of health. Does the department of health intend to take the necessary steps to warn Canadians against the use of dieffenbachia which, in the opinion of the American Medical Association *Journal*, is a house plant which is "highly dangerous, highly poisonous and can cause corrosive burns"?

Hon. Judy V. LaMarsh (Minister of Health and Welfare): Mr. Speaker, perhaps this question should be addressed to the Minister of Agriculture. Dieffenbachia has been called highly dangerous and there are many, I am sure, who will agree. So far as its propensity to cause corrosive burns is concerned, I venture to suggest that perhaps that propensity is now considerably diminished.

AGRICULTURE

TURKEYS—REMOVAL OF QUOTA ON IMPORTS FROM U.S.

On the orders of the day:

Mr. A. D. Hales (Wellington South): Mr. Speaker, I wish to direct a question to the Minister of Agriculture. I wonder whether the minister could advise the house of any decisions he has arrived at, following his dinner with United States agricultural officials, regarding any changes in the Canadian quotas on United States turkeys entering Canada.

Hon. Harry W. Hays (Minister of Agriculture): Mr. Speaker, in connection with the hon. member's question I would say that I have met the turkey producers. I think they are very satisfied with the present arrangement, and there will be no change in so far as the present arrangement is concerned.

ARTS, LETTERS AND SCIENCES

REPLIES TO LETTERS FROM PROVINCIAL PREMIERS

On the orders of the day:

Mr. D. M. Fisher (Port Arthur): Mr. Speaker, I should like to ask the Prime Minister a question that came to my mind after reading the letters that he tabled yesterday from the provincial premiers. In

the six weeks during which the Prime Minister has had most of these letters has he replied to any of the points raised or any of the interpretations made in the letters, particularly the letter of Premier Manning?

Right Hon. L. B. Pearson (Prime Minister): No, Mr. Speaker. I asked for the views of the premiers with regard to the setting up of this commission, and it did not seem necessary for me to reply to the letters I have received. Having now received letters from all the provincial governments except one, we will now proceed to set up the royal commission; because nothing in these letters, to my knowledge, would interfere with that course.

Mr. Erik Nielsen (Yukon): I have a supplementary question, Mr. Speaker. Has the Prime Minister yet received any letters from the governments of the Yukon and Northwest Territories?

Mr. Pearson: No, Mr. Speaker. It would not be customary, I understand, to receive a letter from the government of the Northwest Territories on a matter of this kind.

Mr. Fisher: A supplementary question, Mr. Speaker, to the Prime Minister in relation to his answer. Have the replies, particularly the one from Mr. Manning, been taken into account in the terms of reference that are being prepared for this commission?

Mr. Pearson: Yes, Mr. Speaker.

(Translation):

On the orders of the day:

Mr. Gilles Gregoire (Lapointe): Mr. Speaker, my question is directed to the Prime Minister. Can the Prime Minister assure the house that Premier Manning will not be appointed chairman of the royal commission on bilingualism?

(Text):

NORTHERN AFFAIRS

INQUIRY AS TO CONDITION OF ALASKA HIGHWAY

On the orders of the day:

Mr. Bert Leboe (Cariboo): Mr. Speaker, I am wondering whether the parliamentary secretary to the Minister of Northern Affairs and National Resources could give us any report on the condition of the Alaska highway. I understand they are having a bit of trouble up there with washouts and closures of the highway.

Inquiries of the Ministry

Mr. John N. Turner (Parliamentary Secretary to Minister of Northern Affairs and National Resources): Mr. Speaker, I will have to take that question as notice and report to the hon. member.

(Translation):

AIRPORTS

CHIBOUGAMAU, QUE.—INQUIRY AS TO APPLICATION FOR PERMIT

On the orders of the day:

Mr. Gerard Laprise (Chapleau): Mr. Speaker, I should like to direct a question to the Minister of Transport. Can he tell the house whether the authorities of the city of Chibougamau have submitted a request for a permit allowing the operation of an airport near that town?

(Text):

Hon. G. J. McIlraith (Minister of Transport): Mr. Speaker, representations have been received from the city of Chibougamau concerning the airport. It is not clear from the representations just precisely what it is they propose. As a consequence we have arranged to send an inspector from the Department of Transport to the city of Chibougamau to take this matter up with the city officials. I believe the inspector is in Chibougamau today.

ROYAL CANADIAN AIR FORCE

SUMMERSIDE, P.E.I.—INQUIRY AS TO EXTENSION OF RUNWAY

On the orders of the day:

Hon. Lucien Cardin (Associate Minister of National Defence): Mr. Speaker, yesterday the senior member for Queens asked me a question concerning the reconstruction of two runways at Summerside. With regard to the hon. member's reference to the program under the previous government may I say that there was no approved plan for the construction or reconstruction of a second runway at Summerside.

The main runway at Summerside was extended to 8,000 feet in 1956-57 coincidental with the advent of Argus operational aircraft into maritime air command. This has been the only runway construction authorized at the R.C.A.F. station, Summerside, in recent years. The R.C.A.F. has programmed maintenance funds to keep this main runway in good repair. Extensive repairs to taxiways and parking areas have been authorized during 1963-64.

Hon. J. A. MacLean (Queens): A supplementary question. Do I gather from the minister that there is no provision in the estimates which have been tabled for such construction this year?

Mr. Cardin: According to my information, that is correct.

ATLANTIC DEVELOPMENT BOARD ACT

AMENDMENTS RESPECTING MEMBERSHIP, FUNDS, ADMINISTRATION, ETC.

Hon. J. W. Pickersgill (Secretary of State) moved the third reading of Bill No. C-80, to amend the Atlantic Development Board Act.

Mr. Robert C. Coates (Cumberland): In speaking on the third reading of this bill I have a few further comments I wish to make to the house, and more particularly to the Secretary of State.

One reason for my intervention at this time is that the hon. gentleman has indicated that he is tempted to speak again on this bill. Perhaps if the Secretary of State would agree not to speak further on it I should not myself feel tempted to take part in the debate. However, far be it from any member representing the Atlantic provinces to discourage the hon. gentleman from speaking again on a measure which is of such great importance to our area. Indeed, I believe it is of paramount importance that the Secretary of State should speak again in this debate because there are some matters, especially those related to the personnel of the board, which are deserving of further clarification not only for the benefit of hon. members but also for the benefit of those people who have accepted these positions. These are gentlemen who through no fault of their own find that their appointments are cut short because there has been a general election and a political party has come to office which apparently has not looked too kindly on appointments made by the former government.

This appears to be the sum and substance of the reasons this government had in mind for deleting a number of years from the length of appointment of these board members. It seems to me that this action in cutting short the term of appointments constitutes an affront to these individuals, and that the Secretary of State owes them some better explanation than he has so far given. I should like to know from the hon. gentleman whether he has received any correspondence from the individuals in question. If so, I should like to know what representations they have made.

Mr. Pickersgill: I wonder if the hon. member would permit me to interrupt. I am anxious to hear what he has to say, but there seems to be a terrific amount of noise in the chamber. I wonder if we could have a little better order.

Mr. Speaker: Order, please.

[Mr. MacLean.]

Mr. Coates: I thank the Secretary of State for his kind remarks. I am pleased that he is anxious to hear my humble contribution to this debate. I am speaking as clearly as I can, and I hope this is coming through loud and clear.

Mr. Pickersgill: Speak into the microphone.

Mr. Coates: The hon. gentleman is such a fine individual I cannot keep my eyes off him. However, I will try to submit myself to the task of looking at this microphone and talking to it as best I can. It may be an improvement.

As I was saying, I am concerned about the terms afforded to those gentlemen who have been appointed to this board by the former administration. I still cannot understand why the Secretary of State and his colleagues should wish to curtail the length of appointment of these individuals. Hon. members opposite have never at any time denied in this house that they were the best men available in the Atlantic provinces.

Some hon. Members: Oh, oh.

Mr. Coates: Hon. gentlemen opposite laugh. Well, they did not laugh when these appointments were made, and when the Secretary of State spoke in this house at that time he certainly had nothing adverse to say about them. Has there been a change in attitude in the interval? Were hon. members talking out of both sides of their mouths then? If hon. members opposite do not feel these are able men, let them stand up and say they are no good. Let them tell us what they do not like about Brigadier Wardell or Frank Sobey.

Mr. Pickersgill: Could I ask the hon. member a question? Is it the purpose of his speech to try to make it impossible for the present members of the board to continue? He is doing his best to create a situation of disharmony, and I hope he fails.

Mr. Coates: Let me say that with the length of time they have it would not make much difference if they were there or not. If the hon. member is going to tell this house that the problems of the Atlantic provinces can be solved in a year, which is all the time they will have as members of the board, then he is as crazy as a hoot owl. The difficulties of the Atlantic provinces are not beyond solution, but it will take a longer time than that to deal with them. We started on the road to salvation. I am concerned about what will happen under this administration. I am concerned about the way in which they are tackling what is the most significant piece of legislation to make it possible for

us to lift ourselves up and bring ourselves to a level with the rest of the Canadian nation.

As I have said, I do not think the Secretary of State has been fair to these gentlemen. I think he should say to them, we thought we would appoint you for a year to try to get over the accusation that we are being political partisans and that you are political partisans, and he knows he cannot prove that latter statement. So he is trying to push them out gently. The Secretary of State says I am causing disharmony. What greater disharmony could there be than is being caused by this legislation and especially by clause 4. How much more difficult will it be for any government in the future to get men who have great contributions to make to our area to serve on government boards if they are to have fears that they will be involved in political hassles when governments change?

An hon. Member: You are involving them.

Mr. Coates: I am involving them, someone says. Let me tell him that his government involved them. I had nothing to do with it. I would have said nothing about these appointments. I would have said nothing about the new appointments if you people had not brought in this amendment. That is the reason I am talking now, because I hope that even at this late date the Secretary of State and the men around him will see the folly of their ways and correct them by allowing the men who he is convinced should serve to serve the full length of time which was promised to them. That is really an insignificant request of the government, and I am asking it on behalf of gentlemen who have given so much to our area already and are able and capable of giving so much more in the years ahead. These men will hesitate in future to get involved in government appointments to any board if this is the type of shoddy treatment given them because a government not of the same political stripe as this one happened to appoint them to their positions.

We have, Mr. Speaker, an awful lot of barkers on the other side of the house. They were over there until 1957 and they barked a lot. Then they came over here and barked some more, and now they are back there barking again like the trained seals they were before 1957 and are still, and they will probably never change. They will let a bunch of front benchers run the party, bring in outside consultants for anything and everything, and write budgets which have to be redressed, undressed and everything else. But they do not say very much or contribute much to the debates of this house.

There is another matter on which I want to hear from the Secretary of State. He is a pretty clever individual with words, and I only wish I were as clever. However, I did not spend as much time at university as he did, perhaps, and my vocabulary did not grow as large as his. I hope he will understand my plain language, though, when I ask him for a plain statement of fact in ordinary words about the Chignecto complex and what is to be done about it. I note that the President of the United States has indicated that the Passamaquoddy project and the tidal power associated with it is to be reopened for negotiations and further talks. We in Canada have more potential tidal power available at a cheaper rate, and I should like to know what we are going to do about it.

I have asked the Secretary of State about this two or three times. He always answers my questions, but in such a way that you never know whether it is going to remain latent, as it is at the present time, or whether he is going to put the Atlantic development board into high gear and get them moving on the Chignecto complex. I feel that we should not be wasting a minute in investigating the potential of the bay of Fundy tides.

Mr. Peters: Six years wasted.

Mr. Coates: Six years wasted, my hon. friend says. That is just how little he knows about it. I think we should get an unequivocal statement from the Secretary of State as to whether the potential of the bay of Fundy tides is going to be investigated. I do not want any ifs, buts, or "I will tell so and so, or ask so and so, and see what he says". He is a member of the government and the spokesman for the Atlantic development board. I want to know from him, and I am sure the people of the Atlantic provinces would like to know, just exactly what they are going to do. Are they going to carry out an examination of the tides of the bay of Fundy, or are they not? It is not a difficult question and can be answered yes or no. He is certainly in a position to tell the Atlantic development board to carry out such an investigation. He can also tell them not to, and in a few weeks' time when he has made these new appointments he can probably tell them to stall as well, whenever he wants to. But I feel that the Atlantic provinces should know, and know in no uncertain terms, whether such an investigation is going to be carried out.

I hope, Mr. Speaker, that when we hear from the Secretary of State about the appointment of these men he will tell us that they will be continued in office for the terms for which they were appointed originally. If he does not do so why does he bother

wasting their time for a year, or less than a year? Why not just tell them to do what they can in various other ways in which they can make a contribution? Actually the short space of time they will be sitting on the board under this legislation will not really allow them the chance to make the type of contribution they could make were they there for the period of time for which they were first appointed.

I also think it is unfair for the Secretary of State to say "Oh, these men can be reappointed". If they were going to be reappointed and the government were really thinking of reappointing them, why would they consider cutting down their term of office? That would not even have crossed their minds. Perhaps there are certain individuals on that board who the government consider are more tinted with blue than others, and so they can flush them out. But let us face it. When the year runs out I think all Canadians will learn the lie in the statement that these men can be reappointed, because there is not a chance in the world of any one of them being reappointed by this government. Otherwise they would never have made the effort to put in this amendment and try to fool the House of Commons into thinking they were doing anything but disposing of people who they considered politically unsatisfactory to this government.

Mr. Heath Macquarrie (Queens): Mr. Speaker, I shall be very brief in my remarks, as usual. I should like to say I repudiate and resent very much the suggestion of the Secretary of State that my hon. friend, colleague and neighbour, the hon. member for Cumberland, would either by his actions or by his remarks do anything which would bring disharmony to any move to advance the welfare of the maritime provinces. His record has been well established and I do not have to cite the facts relating thereto.

This has been a very interesting debate, Mr. Speaker. However, if I have any regret it is for the fact that yesterday the chairman cut off the hon. member for Winnipeg South Centre when he was cataloguing the virtues of the many native maritimers who had won great acclaim for Canada. However, had he gone on to complete the full list perhaps we would never have completed what we did yesterday.

I have one small matter, small only in terms of the length of my remarks and not otherwise, and I mention it because it is of great importance. I have been seeking in this session by questions directed to the Minister of Public Works and the Prime Minister, and at other times, to get a clear statement from the present government in respect to that great national project, the Prince Edward Island causeway. I have asked the Secretary of State to give us the clear assurance that this major project is one which will not be considered by the board because the decision relating to its construction taken by the former government will be upheld and carried out by the present government.

I have not yet obtained that information, and I might say that despite having sought information on the Prince Edward Island causeway several times from various members of the government I have elicited absolutely no information. The only information one can obtain is through press releases emanating from the Solicitor General (Mr. MacNaught) who, as far as I know, does not have administrative responsibility for this important function.

I think information sought in the House of Commons should be given in the House of Commons, and I recall that the former prime minister made a concise, precise and definite statement in respect of this project when he said that the causeway would be built. This is the kind of thing we hope to have from the present government. I am delighted to read the press releases from the Solicitor General. He is my neighbour. In fact had I been born a mile further west I would have had the pleasure of voting against him in Prince county. I read with interest everything he gives to the newspapers and I regard him highly, but I should still like to hear from the minister in charge or the Prime Minister exactly what is going to be done in respect of the causeway; and I trust that the Secretary of State, who used to be so deeply interested in this project, will tell us whether the causeway is going ahead.

Mr. Muir (Cape Breton North and Victoria): Would the hon. member permit a question? Is he suggesting that the Solicitor General does not know what he is talking about when he issues these press releases and statements?

Mr. Macquarrie: I would not dare to make that suggestion, although I have the greatest regard for the hon. member for Cape Breton North and Victoria, who usually knows what he is talking about. I would not go that far because the Solicitor General and I are neighbours and friends. We are interested in the causeway, and we in Prince Edward Island do not regard this as a partisan measure at all. I have always paid tribute to my predecessor from Queens, Mr. Matheson, who spoke strongly about this project in the House of Commons. We do not regard it as a partisan measure, but we would like

this government of decisive action—perhaps we should not expect that now that the 60 days are over—to tell us what they are going to do so that we will know where we are going.

I could not help but agree also with the hon. member for Cumberland with respect to the appointments. Yesterday the Secretary of State eschewed any suggestion of partisanship and I very much hope that the present members will be reappointed. I do not say I expect it, but I do hope so; because they are men who have made a great contribution to the Atlantic provinces' economy and who could, had they been left unfettered, have done great things under the very fine legislation passed under the aegis of the former government.

I hope too that in disavowing this partisanship the government will take the suggestions, or indeed perhaps the nominations, of various groups in the maritime provinces like the maritime federation of agriculture and others as to the additional six members of the board, because we have been assured that the government is not looking for six Liberals but simply for six, able, representative people, and non-partisan bodies such as these could be very helpful to the government.

I was a bit unhappy yesterday when one of the members of the New Democratic party suggested we were holding up this vital legislation. This, of course, is not the case. One can compare the debate this session with the debate last session when the board was established. However, no member representing the maritime provinces, knowing what was done by the government led by my leader, who in six years did such great things for the maritime provinces, who redressed so many long standing grievances, who moved quickly on our behalf to improve our economic, social and cultural life, should be accused of being overly perceptive or suspicious having seen a board appointed by such a government smothered by a board appointed by a government of which the apparently still remaining kingpin, the Minister of Finance, was once prepared to subsidize us by shipping us to more prosperous parts of the country rather than making efforts toward improving the maritimes. The government led by my leader never at any time undertook to move maritimers.

Mr. Pickersgill: No; they moved them.

Mr. Macquarrie: It did undertake to move the maritimes forward rather than shipping us out with subsidies or anything else. When we consider that the former government's initiative in this regard is being smothered by the tinkering of the present government I think we have good reason to look once, to look twice, perhaps to look thrice at what is going on, the implications thereof and the motives behind it. If the present government even comes close to attaining the actions on behalf of the maritimes of the previous government it will certainly make history for itself.

I do hope that our worst fears will not be realized; that the Minister of Finance, who is prepared to revise so many other things, will revise his thinking in respect of the maritimes. I trust that revision will be reflected in governmental action, and that we will not have to move to upper Canada but can stay in that delightful Atlantic region. I hope we will get the same measure of assistance given to us by the former government. I hope that despite obvious partisan suggestions the board will be allowed to function and to go forward. There is no member on this side of the house who will seek to make political hay if it does so. We are interested in the advancement of the region. We are a little concerned because we had something which we had sought for 90 years, and it was going forward under the former government in the last six years.

With respect to the causeway, I should like to say that the leader of our party was not afraid to speak of the causeway in all parts of the country because he regarded it as one of those great national programs of development, and we will not forget him when the day comes to express our opinion.

An hon. Member: When?

Mr. Macquarrie: We do not know when, but possibly it may not be too long. The maritimes will not forget what was done, and with the memory of the contrast between what was done in six years and what was not done in 22 years the people of our region will look very carefully at the functions of the Atlantic development board, and all the finesse and skill of the Secretary of State may be required in its performance.

Right Hon. J. G. Diefenbaker (Leader of the Opposition): Mr. Speaker, the Secretary of State does not need to have extraterrestrial communication, of course, to know the reason I am impelled to rise. It has to do with a remark he made in interrupting the hon. member for Cumberland, a statement that I would not have expected to come from a parliamentarian of the minister's experience. Indeed, in the years I have been here I have never before heard a minister of the crown challenge the right of a member to advance his arguments in this house—

Mr. Pickersgill: I did not challenge them at all.

Mr. Diefenbaker: —by the threat that if he did it would be hard on those members of the board appointed by the previous government.

Mr. Pickersgill: Mr. Speaker, I am rising on a question of privilege. I know the right hon. gentleman has never wanted to misrepresent the words of any hon. member. If the right hon. gentleman wishes to take exception to anything I say I do not question his right to do so, but I suggest that he take exception to what I really did say. I asked the hon. member for Cumberland if he was trying to make it impossible for those gentlemen to remain on the board because of the attitude he was taking, and I said I thought he was making it difficult. That is all I said. So far as I am concerned, what the hon. member for Cumberland said would make no difference whatever to my attitude to the members of the board, whom I have always respected.

Mr. Diefenbaker: That interruption was not based on a point of privilege. From time to time when the hon. gentleman disagrees with any matter being dealt with in the house he will raise what he calls a point of privilege, but which in fact is a spurious reason for making an extra speech.

I repeat that the explanation in no way improves the situation. Imagine; after all the political manipulation that is apparent here on the part of the Secretary of State in introducing this legislation to increase the size of this board so that he can remove members that have been on it, he suddenly develops this solicitation for the members of that board and the fact that the hon. member for Cumberland by his conduct is endangering the opportunity of those members to serve. This is something that I would not have expected from one who, through the years, has not been averse to political manipulation. He was simply warning the hon. gentleman that these estimable gentlemen on this board might find themselves in the position of not being able to continue on the board because of the statement the hon. member was making. What nonsense. The explanation is worse than the threat.

I watch him directing them over on that side of the house. They speak and when he raises his eyes they become silent. I have seen him in operation. As long as he continues his direction—

Mr. Pickersgill: The hon. gentleman should get a mirror.

Mr. Diefenbaker: I can see the hon. gentleman without a mirror. This is the kind of thing that used to characterize the former government. This is the kind of thing that was so much in evidence in Winnipeg, at the Fort Garry hotel. I am not going into that occasion unless provoked into doing so.

Now, Mr. Speaker, I repeat that that statement was a threat or, in the alternative, was an alibi in advance. These people would be removed, and the explanation would then be given that the hon. member for Cumberland, or those who have similar views as to the ability of these people to carry on, were the cause. The alibi would be that if they hadn't spoken he would have been beneficent. But these members dared to speak on behalf of the quality of those appointees, and having so dared their position became impossible. I can only say that whichever explanation is given by the Secretary of State it is not representative of what, from time to time, one expects in the House of Commons.

There is one other matter to which I should like to refer. I am not going to mention the course taken by the former government. The maritimers were the forgotten people. When the government of which I had the honour to be the head came into office, we recognized conditions in the maritimes. We made available immediately $25 million a year for distribution in the maritimes, and later raised it to $35 million. We made available extra subsidies. I could go on, but I am not going to repeat this story, because we in this party believed that there should be a reasonably equal opportunity in every part of Canada, and that the maritime provinces had not received that consideration to which they were entitled. This was the philosophy.

When the appointments are made I will look at them with great interest to ascertain whether the unsubtle threat is carried into effect. The hon. gentleman, of course, will direct whom he wants. I am sure we will then know whether merit and ability are to be considered, and whether the amendment of this legislation is to be a monumental example of political consideration taking preeminence over the needs of the maritime provinces.

There is one other matter I should like to mention. The hon. member for Queens mentioned the causeway. We made it very clear that this was something we looked into for a very long time. There were arguments on both sides. Many felt it would be beneficial but some said that it was not structurally feasible, that it could not be built. We had a careful examination made by engineers, and they determined that it could be built. On the other hand there were some who said it was not economically feasible. The careful examination made, and which continued for a considerable period

of time, brought forth the conclusion that it was economically feasible and that in the light of a period of years, it would actually be self liquidating. It is something to which I feel the people of Prince Edward Island are entitled. The people of Canada as a whole accept the principle that there shall be equality of opportunity everywhere within our country. This project is one that will pay national dividends in the strengthening of the bonds of our country.

I would not have risen except to repeat my feelings, which have been made clear throughout the years, that these people by the sea, whether in Newfoundland or in the other three Atlantic provinces, should receive an extra uplift financially and economically. This was our cardinal principle, and it would have meant that the people there would be able to look forward, generation to generation, instead of having to follow the course so often followed since confederation of migrating to other parts of this country and to the United States.

Hon. A. J. MacEachen (Minister of Labour): Mr. Speaker, this is the first occasion upon which I have had the opportunity of addressing the house while you have occupied the chair. I wish to extend to you my congratulations upon your election to your present post, and to express our interest and satisfaction with the way in which you are presiding over our deliberations.

The bill before us is one which affects the Atlantic provinces, and comes forward in this parliament, as it did in the last parliament, for discussion. My remarks in connection with this bill will be very brief indeed. I should like to emphasize a number of important views on this legislation which in my judgment make it very important for the economic development of the Atlantic provinces.

First of all, there is provision in the legislation that the Atlantic development board will be empowered and obliged to develop an over-all co-ordinated plan for the Atlantic provinces. To me this seems to be of the very essence of the problem facing us, particularly in the field of employment. The Atlantic provinces economic council has from time to time made assessments of the number of jobs that will be needed in the Atlantic provinces over the next 10 years not only to absorb new entrants into the labour force but also to reduce the level of unemployment in the Atlantic provinces to a comparable national level. That number of new jobs required is large. It can only be reached by the development of a co-ordinated plan over a period of years, directed to the various industries and directed to proposals that will provide these jobs in these various industries. That is the first fundamental of this legislation, the development of this over-all co-ordinated plan.

The time is certainly past for ad hoc expedients to meet the problems of the Atlantic provinces. This particular approach was emphasized in the report of the royal commission on economic prospects headed by the Minister of Finance; and I must say that the junior member for Queens was less than fair in his interpretation of the proposals made by the Minister of Finance in that report. The minister made a number of important proposals directed to the development of the economy of that area, a number of proposals that were not acted upon by the previous government, and he went on to say that if, after these proposals had been put into effect, unemployment at a high level still prevailed and people still received very marginal incomes, then consideration ought to be given to allowing these people to secure employment and opportunities in other parts of Canada.

Surely that is an entirely different concept than to say the Minister of Finance advocated a large exodus of people from the Atlantic provinces. The minister made concrete and constructive proposals in that royal commission report, and he took a long step in his budget to implement those proposals when he provided for the most ambitious tax incentives ever provided by a Canadian government to encourage the location of industry in such an area.

Mr. Macquarrie: Would the minister permit a question?

Mr. MacEachen: Yes.

Mr. Macquarrie: I wonder if the minister is referring at this time to the preliminary report of the commission, pages 99 and 100, in what he has interpreted as the minister's views?

Mr. MacEachen: I am referring to the report which my hon. friend has in mind, and I believe the interpretation which I have given to the approach of the Minister of Finance is the interpretation that any fair minded person would give to that particular royal commission, which has been unfairly and unjustly exploited for political advantage in the perpetuation of a gross misrepresentation of what the Minister of Finance said in that report.

Mr. MacEwan: They do not believe that in Cape Breton.

Mr. MacEachen: It is a fact that the Minister of Finance made a number of proposals, one of which was the establishment of a capital projects commission for the carrying out of projects in the public sector of the economy, in the field of transportation and

in the field of power. That proposal was before the previous government for five years and no action was taken upon it.

The hon. member for Queens has had much to say about the great things the former government did for the Atlantic provinces. I would like to remind him of some of the history that he obviously has failed to consider in his speech. The former government, following the election of 1957, took one important step in the field of Atlantic adjustment grants. That was the single step taken in that parliament by that government that was new and original. It did bring into effect the Atlantic Provinces Power Development Act, which had been proposed by the previous government in its budget and accepted by both Nova Scotia and New Brunswick. These were the only two things done in that parliament. In the twenty fourth parliament, consisting of four sessions, the former government did not introduce a single measure or single enactment in this house affecting the Atlantic provinces, and I challenge any hon. member of the present House of Commons to indicate to me any new single measure introduced during the twenty fourth parliament by the former government affecting the Atlantic provinces.

Mr. Crouse: Might I ask the minister a question? Would he not say that the establishment of a Canadian coastguard was an entirely new concept brought into being?

Mr. Pickersgill: It was not even a piece of legislation.

Mr. MacEachen: All the new coastguard consisted of at that time was an announcement, and that was the extent of the change it brought about, in addition to a paint job and a few uniforms for the members of the Canadian coastal services.

Mr. Crouse: On a point of privilege, Mr. Speaker—

Mr. Deputy Speaker: Order. There is no question of privilege there.

Mr. MacEachen: I think this fact ought to be borne in mind when the hon. member for Queens extols what he considers to be the achievements of the former government. The twenty fourth parliament elapsed without one single measure being brought forward affecting the Atlantic provinces. It is a fact that again in the twenty fifth parliament, a minority parliament as was the case in 1957, and faced again with the immediate imminence of an election, the government moved to set up an Atlantic development board, and we supported that measure. At that time on third reading we proposed an amendment asking that the government of the day establish an Atlantic development fund in connection with the board itself. That amendment was voted down by hon. members of the house, and the board was brought into existence without having at its disposal a sum of money that would enable it to carry out any projects.

In the particular legislation now before us there is provision for an Atlantic development fund in the amount of $100 million that will be available to this board for carrying out projects in the Atlantic provinces. I think that certainly is a major new step.

Mr. MacInnis: Would the minister permit a question?

Mr. MacEachen: Yes.

Mr. MacInnis: Would he not at this time indicate to the house, for the benefit of the maritime and Atlantic province members especially, just what projects he as Minister of Labour has in mind for the Atlantic area; and as Minister of Labour surely by now his plans are advanced enough to mention a few?

Mr. MacEachen: Mr. Speaker, I am talking about a very important new proposal which provides $100 million for the development of projects in the Atlantic provinces, and that certainly is a proposal that ought to secure the enthusiastic support of the hon. member for Cape Breton South.

Mr. MacInnis: Would the minister permit a question?

Mr. MacEachen: I do not intend to speak—

Mr. MacInnis: Would the minister permit—

Mr. Deputy Speaker: Order. The minister has the floor.

Mr. MacInnis: Would he permit a question?

Mr. MacEachen: Go ahead.

Mr. MacInnis: You say it should engender enthusiastic support. If you would answer my previous question as to what you, as Minister of Labour—

Mr. Deputy Speaker: Order. May I remind the hon. gentleman that he should address himself to the Chair at all times.

Mr. Pickersgill: And ask a question.

Mr. MacInnis: Would the Minister of Labour indicate, to the Atlantic province members especially, as he is the minister who should have available in his department something in the way of planned projects for the Atlantic region, what is being planned in this regard? We would appreciate it very much if the minister would advise us what some of these specific projects are.

Mr. MacEwan: He has not asked the Minister of Finance yet.

An hon. Member: He has not asked Jack, either.

Mr. MacEachen: Mr. Speaker, the Atlantic development fund in the amount of $100 million is at the disposal of the Atlantic development board, the function of which is to provide and develop projects and programs for the Atlantic provinces.

Some hon. Members: Hear, hear.

Mr. MacEachen: The hon. member ought to be aware also that last week the House of Commons took another step forward in the establishment of the new department of industry, and part of that proposal is the setting up of an area development agency that will be specifically charged with the job of providing a special thrust in areas of chronic unemployment. No area will be more directly affected by the work of this area development agency than the area represented by the hon. member for Cape Breton South.

Mr. MacInnis: And the Minister of Labour.

Mr. MacEachen: The Minister of Finance has provided in the budget a number of new fiscal incentives that will encourage new manufacturing and processing plants in the Atlantic area; and no area will benefit more, or stands to benefit more from this proposal than the area represented by the hon. member for Cape Breton South. I could go on and enumerate other proposals which have been made and will continue to be made by the present government to bring down the high level of unemployment in the Atlantic provinces.

I am surprised, Mr. Speaker, that any hon. member from the Atlantic provinces would rise in this house and take satisfaction from the record of the past five years. In this period we have seen levels of unemployment in the Atlantic provinces reaching 16 per cent and, in certain provinces, 20 per cent of the work force. That has been the case in the Atlantic provinces; the highest unemployment of any part of Canada; higher unemployment in the period of the past six years than in any previous period in the recent history of Canada. How can any hon. member of this House of Commons take gratification in the progress being made when that large number of people in this part of Canada are unemployed and have been unemployed, in many cases, for some time?

Mr. Grafftey: Stop being a demagogue and get to work.

Mr. MacEachen: No doubt certain measures were undertaken by the former government. I do not for a moment detract from the interest taken by certain hon. gentlemen in the welfare of the people of the Atlantic provinces. However, I think it would be a perversion of history to allow hon. gentlemen to create the impression that economic prosperity and growth prevailed in the Atlantic provinces during the last five years, because the contrary was the case; they had the highest unemployment of any part of Canada.

No industry has been more affected by this unemployment than the coal industry, which lost one and a half million tons of its production in the five years during which the former government presided over the economic affairs of Canada. I think the authority given to the board to undertake the development of an over-all, co-ordinated plan, and the provision for $100 million at the disposal of the board, are important steps taken at the present time. They add to the bill adopted in the last session.

Much has been said about appointments. One would think that no partisan considerations were in the mind of the former government when they made the appointments to the Atlantic development board. One would think that political considerations had no influence whatsoever on the then minister of national revenue in making the appointments to that board. I think an examination of the background of the gentlemen on the board at the present time, no matter how estimable, no matter how able they are, indicates that certainly political considerations were not left out. There is no provision in this bill that will deny the services of these men to the Atlantic development board. They are eligible for reappointment, and it may be that when the time for reappointment comes hon. gentlemen will be surprised that their friends will continue to serve on that board. Surely it is not unfair—

Mr. Woolliams: You may regret those words.

Mr. MacEachen: —that a new government such as this government should have an opportunity to assess the work of the members of this board, to assess their attitude and their willingness to work with a new minister. Surely it is fair that a new government should have that opportunity, and that is all that is provided in the changes made in this legislation. These members are not being asked to leave the board; they will be eligible for reappointment at the expiration of their term of office. Certainly that does not seem to me to be an unfair provision asked for by a new government, because this amending legislation adds to the importance of the Atlantic development board.

Mr. H. Russell MacEwan (Pictou): Mr. Speaker, I do not intend to hold up this bill. I listened with interest to the speech of the

Minister of Labour, and there are a few matters which he mentioned upon which I should like to comment briefly.

The minister spoke at great length about the famous Gordon commission report on the maritime provinces, and he spoke about what the hon. member for Queens had said in this regard. Well, as I stated in the budget debate, we all know what the Minister of Finance said in the famous Gordon report. It was even so famous in the maritime provinces that he had to come to my constituency, I think in 1961, and make another Gordon report at the Sutherlands River rural high school. At that time he said "I did not really mean to say they had to move out. I meant" this, that, and the other thing. But, as I said in the budget debate, we are leery of the Minister of Finance. He is the man controlling the purse strings, and I hope the Minister of Labour has a lot of influence with the Minister of Finance in order to help our area. I am sure we were glad to have the former minister of finance from Nova Scotia, who helped us a great deal. I hope the Minister of Labour is really in thick, as we say in the maritime provinces, with the present Minister of Finance.

The minister said that the only new thing brought forward in the twenty fourth parliament was the Atlantic adjustment grants. That was new. The minister is a little older than I, although not too much older, and he may not have been in the government through the years here in Ottawa. I remember that great leader of the province of Nova Scotia, Hon. Angus L. Macdonald, who was respected by everybody and who was a great friend of all Nova Scotians. He also did a great job here in wartime as minister of naval affairs. For many years he came to Ottawa seeking adjustment grants in order to bring the Atlantic provinces up to the level of the other provinces of Canada, and he was turned down. I do not know whether the minister was here during the last few years when his friend, who was premier for a short time, Mr. Henry Hicks, who is now president of a university, also came to Ottawa and returned with empty hands. The Atlantic adjustment grants were new, as the minister said. If they were the only new thing accomplished in that parliament it was certainly worth while electing a Conservative government under the Leader of the Opposition during that period.

The minister also spoke of the matter of the coastguard. He said, if I am quoting him correctly, that all we did was put a few coats of paint on existing ships. We brought forward a new coastguard plan. I would tell the minister—he has probably heard it before—that tenders were called for coastguard ships which were 95 feet in length, and the result of the tenders was that two yards, one in the St. Lawrence area and one in the great lakes area, were the lowest tenderers for the three ships. The then minister of transport, the hon. member for Three Rivers, was dealing with this matter. I approached him at that time and said "If you want to get the work load shared around this country, why not give the lowest maritime yard a ship, one to the St. Lawrence and one to the great lakes?" That is what was done. One was launched in the St. Lawrence area and one in my area, at Pictou shipyards. I was not invited to the launching a short time ago, I do not know why. Nevertheless, the building of that ship created a lot of employment. That was one way in which we helped the Atlantic provinces.

Of course we do not pretend that during the six years we were in office we did everything which was required, but we got things moving along very well. I know that in 1950 or 1951 mines in my area began to close down, and at that time many of our younger people had nothing to turn to. It was then that a start should have been made in the provision of vocational training. That was done by the former government, and vocational schools have been built as a result of legislation which they brought in. One will be opened in my own area soon, and I am sure the Minister of Labour will be the first to admit that this is a step in the right direction to help our young people get the necessary technical training so they may make progress in their trades and stay in their own areas.

That is all I wish to say. My theme has been that although we may not have done everything in the last six years, we did start things rolling. Many of the ideas brought forward by the Minister of Labour and his colleagues are, in my view, only extensions of projects we commenced. We are very leery of the Minister of Finance, as all Canadians are. I hope to goodness the Minister of Labour is in thick with him as far as our native province is concerned, because we certainly need it.

Mr. Donald MacInnis (Cape Breton South): Before the question is put I want to say I am happy the Minister of Labour should have indicated that although the board would be responsible for the projects it recommends, he would take it upon himself to see that no area would benefit more than the area which I have the honour to represent. I am looking forward with great interest to seeing just what this benefit will be and how the hon. gentleman can indicate to the house that my area will benefit most from the projects undertaken by the board.

Now I have a question for the Minister of Labour. Is he prepared to say that representation on the board, the additional representation, will be drawn from those with knowledge of labour, fishing, mining, agriculture and the lumber industry?

Mr. Deputy Speaker: Order. May I bring it to the attention of hon. members that the minister has already spoken and cannot speak twice in the debate?

Is it the pleasure of the house to adopt the motion?

Mr. Flemming (Victoria-Carleton): On division.

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

ECONOMIC COUNCIL OF CANADA

PROVISION FOR ESTABLISHMENT AND DEFINITION OF DUTIES

Hon. Maurice Lamontagne (President of the Privy Council) moved the second reading of Bill No. C-72, to provide for the establishment of an economic council of Canada.

He said:

(Translation):

Mr. Speaker, the measure now before us is, in my opinion, of vital importance. Its purpose is to establish economic planning in our country. That is why, before going over its main features, I should like first to try and explain that planning by giving a brief analysis of the economic problems we are faced with at the present time and to indicate exactly what kind of planning the government intends to adopt.

(Text):

The so-called inventory or short term cycle appears to be inherent in our present economic system. The mechanism of supply and demand is not self adjusting, at least over a short period of time. It would be surprising if it were, because it originates from the individual and free choice of millions of consumers and suppliers. The process of adjustment takes time, and it operates mainly through supply rather than demand factors. Demand remains fairly stable during the whole cycle, but as the upward phase develops supply increases more rapidly than demand. This inevitably leads to an involuntary accumulation of inventories which cannot go on indefinitely. When suppliers feel that inventories are too high they reduce new orders, thus bringing the transition between prosperity and recession; because, as a result, production and employment must decline. During the recession production increases more slowly or decreases more rapidly than demand, and suppliers draw on their inventories. This downward movement must come to an end

before inventories are depleted and eventually new orders start to rise again. Thus conditions are set for a new phase of prosperity.

Inventory cycles have been fairly regular in Canada as elsewhere in peacetime. Each cycle, with its upward and downward movements, lasts for about three years. For instance, recessions have developed in 1954, 1957 and 1960; 1955, 1958 and 1961 have been years of recovery; 1956, 1959 and 1962 have been years of cyclical peaks. But even in the latter half of 1962 the Canadian economy was undergoing a considerable degree of hesitation and uncertainty. Total final demand levelled off in the third quarter of 1962, the first such pause since the low point of the last business cycle contraction.

We cannot hope to get rid of this important sources of economic instability without adequate planning arrangements, closer co-operation between the public and private sectors of the economy, and more flexible and selective policies.

But short term problems do not constitute the only difficulties we have to overcome. Indeed, several signs indicate that the Canadian economy since the late 1950's has been suffering from basic weaknesses and lack of growth, at a time when our labour force was and still is increasing rapidly. The gross national product per capita in constant dollars increased by 22 per cent between 1949 and 1956, but declined by about 4 per cent between 1956 and 1962. This is the most revealing sign of stagnation in Canada.

What seems to be the origin of that new trend? A rapid survey of the major components of our gross national product shows that consumer expenditures, exports and government expenditures have continued to grow and have contributed at the same time to growth. Investment is the only major component which has declined during that period. Between 1947 and 1957 total investment in constant dollars more than doubled, and increased each year except in 1954. Between 1957 and 1961 it had declined each year and the decrease reached about 13 per cent in 1961. During the same period investment in business capital as opposed to housing and social capital showed a reduction of approximately 25 per cent; yet expenditures on investment goods are precisely those which are the very immediate and basic cause of growth.

(Translation):

What would be the essential reason, the main cause of this stagnation, of this inadequate growth?

Mr. Gilles Gregoire (Lapointe): Mr. Speaker, would the minister allow a question? Does the minister quote these figures to lay the blame at the door of Canadian investors,

industrialists and businessmen, by making them responsible for this decline of investments in the production field?

Mr. Lamontagne: Mr. Speaker, I have no desire to blame anybody. I merely note facts, as they are shown or measured by the dominion bureau of statistics. What then, as I was saying a moment ago, is the main cause of this stagnation, of this inadequate growth, of this chronic anemia in our economy? I think that it is due to the fact that, in the present context of the world markets and of the traditional policies of the state, our private sector has almost exhausted the investment potentialities which technology created in Canada at the beginning of this century.

Of course, to substantiate this explanation I would have to make a long statement, and I wish to spare the hon. members—

Mr. Gregoire: You do not have what it takes.

Mr. Lamontagne: No, but it is only that—

(Text):

Mr. Fisher: Might I ask the minister a question. I wish he would give us a longer statement because he seems to have suggested that social capital, housing, and things like that are not the answer. He seems to be suggesting that the answer is in the private business sector, and I think that if he has gone that far perhaps he could give us an explanation.

Mr. Lamontagne: I do not think I have drawn any such conclusion. I merely said—and I have given some evidence of this—that our economy was developing at a much slower rate and that the more or less fundamental reason for this, the major cause of this decline, was the reduction in the field of investment in general, but more particularly in the field of private investment.

Mr. Gregoire: I challenge the minister to prove that.

Mr. Lamontagne: You can always go back to the official figures.

Mr. Gregoire: I should like to show some official figures. If you refer to the increase of tax in Canada and such matters, you will find figures which prove that industry in Canada is diminishing.

(Translation):

Mr. Deputy Speaker: Is the hon. member asking a question or making a statement?

Might I remind him that the minister has the floor and that he should not be interrupted except to ask a question if the minister is willing to give an answer.

Mr. Lamontagne: As I was saying, Mr. Speaker, instead of engaging in a long explanation of that chronic anemia, I would simply like to give at this time an illustration of what seems to have happened in Canada in the last few years.

The paper and the automobile industries both owe their existence to technology which appeared in Canada, like in the rest of the world, at the turn of the century. At first, when they appeared on the scene, they represented a considerable potential of direct and indirect investment and employment.

We just have to think of the new plants, of the various power projects which have been carried out, of the lumber operations, of the development of the oil and steel industries, of the building of service stations and roads. Like many others which have contributed so much to our accelerated development, those industries will probably continue to expand in the future. But I think they will do so at a considerably slower pace, because, as I said a moment ago, they have practically finished developing their initial investment potential in the present context of world markets and traditional government policies.

If this diagnosis is correct, as I think it is, it should be a cause for worry, because it reveals a deep-seated ailment within our economy. That ailment cannot be healed by denouncing those who diagnose it as prophets of gloom and doom.

The problems created by recessions and stagnation in our country are made even more difficult today because of the upheavals in the world around us. Those upheavals, we find them first in the field of technology, where the first signs of a new technological revolution enable us to see already the rapid progress of automation which requires an ever more specialized labour force and which destroys, in its path, many of our traditional sources of employment.

Those upheavals, we find them also in the radical changes in the world trade patterns which take place under our eyes with the formation of huge trading blocs. Those upheavals will have deep repercussions on the Canadian economy and will require the radical transformation of several industries and regions.

It would be unrealistic to think that the private sector left to itself could overcome those difficulties. Radical changes presently taking place in the world and the adjustments

they will make necessary in our country, the recessions and the anemia affecting the Canadian economy demand not only a new association between the public and the private sectors, but also a bolder and more dynamic government leadership.

To overcome our present difficulties, we need new policies, applied in a new spirit and within new administrative structures. In other words, we need a plan so that the various aspects of the economic policy will be well co-ordinated and so that the private sector can work in the same direction as the government towards the common objective of harmonious growth.

That new role of the government is indicated to us by Pope John XXIII in *Mater et Magistra,* where he said:

> It is requested of public authorities responsible for the common good, that they intervene in a wide variety of economic affairs, and that, in a more extensive and organized way . . . It is necessary that they take active interest, the better to increase output of goods and to further social progress for the benefit of all citizens. This intervention of public authorities encourages, stimulates, regulates, supplements and complements.

It is easily seen that according to the Pope's thinking, the action of public authorities cannot be effective without planning. There is nothing too revolutionary in this, because to ignore planning is to leave human order to the determinism of chance. Any effective collective action needs a plan. Otherwise, you have anarchy, confusion and often failure, because to leave things to chance works only in particularly favourable circumstances. But the term planning itself is ambiguous and can mean two things quite different: indicative planning or imperative planning.

(Text):

In his book entitled "Beyond the Welfare State" Professor Myrdal underlines the fact that planning can take various forms. I want to quote him.

> Economic planning is facing widely different problems for establishing goals, choosing means, fixing targets and implementing policies. Decisions on the public policies implied in planning are arrived at in very different ways and the sanctions applied in order to carry them into effect are also different.

Basically, planning can take two different forms. It can be a conscious and organized attempt by governments and other collective bodies to co-ordinate public and private policies more rationally in order to reach desirable economic objectives or goals more effectively. This is what is more and more called indicative planning, which provides wider knowledge of prospects and targets as well as credit and fiscal incentives, but which excludes compulsion and direct controls as normal instruments of state intervention. Planning can also be a systematic attempt by the state to impose economic goals on society and to use direct controls in order to achieve them. This is imperative planning which operates through compulsion.

Imperative planning provides a pattern which can be easily adapted to the conditions of underdeveloped countries. Here again I wish to quote Professor Myrdal.

> By the very logic of the underdeveloped countries' situation, planning becomes programmatic in its approach. It does not, as in the western countries, force itself upon a national community through a gradual process which finally results in a *fait accompli* . . . In the underdeveloped countries the idea precedes its realization. As economic development cannot be expected to come by itself, planning becomes a precondition for development, not, as in the western countries, a later consequence of development and all the other changes which accompanied it . . . (In the underdeveloped countries), in principle and in theory, planning anticipates public policies. It does not grow out of the necessity to co-ordinate such policies as have already been initiated.

It would be very surprising if indicative planning could succeed in the underdeveloped countries because they do not have the infrastructure of voluntary organizations which that kind of planning requires. It would perhaps be even more surprising if imperative planning could work in the democratic and industrialized countries of the western world.

In Canada, for instance, we have developed a mixed economy with a public and a private sector. Consumers, private producers and labour unions cherish their freedom. Public authorities can influence their behaviour but they could not control their decisions, certainly not in peacetime. Direct and permanent controls on investment, production, prices and wages, which are required by imperative planning in a mixed economy, would not only be politically unacceptable but would also give very poor economic results. Private investment, for instance, is a highly volatile phenomenon and does not respond positively to compulsion.

Imperative planning would prove to be unworkable at the national level in Canada for another obvious reason. The federal government does not have the constitutional powers required to impose direct control and it is very unlikely that it would succeed in getting such powers which fall under provincial jurisdiction at the present time.

Thus, in a country like Canada, imperative planning would be politically unacceptable, economically undesirable and constitutionally unworkable.

Mr. Grafftey: Tell that to your finance minister.

Mr. Lamontagne: Those few Canadians who are still advocating this type of planning are deceiving nobody but themselves.

(Translation):

The planning which the government advocates and intends to initiate is essentially indicative and incentive planning. It will be a planning without any coercion and control. In our opinion, this is the only kind of planning desirable and feasible in our country.

I have no intention, at this stage, to explain in detail the bill under study. Its purpose is to establish an economic council which will consist of a chairman, two directors and 25 other members. This council will have three main duties. First of all, it will have to initiate research on all aspects of our economic life, try to foresee the normal behaviour of the economy and define the rate of growth, on the whole and by sectors, which is needed for the full use of our resources. In other words, the economic council will have to prepare a plan.

The council will also submit recommendations to the government on policies to be followed and on the means of promoting the highest possible level of employment and production in our country. It will therefore have the responsibility of recommending methods and processes capable of insuring the implementing of the plan.

The council will finally take over the functions heretofore given to the national productivity council. That integration, in the opinion of all the interested parties, has become most desirable and does not imply in any way that this government is lacking confidence in the members of the national productivity council. On the contrary, I wish on behalf of the government, to express to Mr. DeYoung and all the members of the council our most sincere appreciation for the services they have rendered. I am sure that the experience they acquired and the work they have done will be most profitable to the new economic council.

So, the purpose of this bill is to institute economic planning in Canada through a close consultation with the provinces and the private sector of our economy. For that purpose, it provides for the establishment of an economic council with very wide responsibilities in the field of research and very vast powers of recommendation. It creates planning structures both wide and flexible. Thus, we shall be in a much better position than before not only for acquiring a true knowledge of our economic problems but also, I hope, to find practical solutions.

Mr. Gregoire: Mr. Speaker, would the minister allow me a question?

Mr. Lamontagne: Certainly.

Mr. Gregoire: When the President of the Privy Council speaks of the economic council, he seems to refer always to the field of production. Could the minister tell the house whether the economic council will concern itself with indicative planning in the field of exchange, which ranks second in any well organized economic system?

Mr. Lamontagne: Mr. Speaker, I am sure that the bill in its present form will enable the council to carry on research in all fields and on all economic problems.

(Text):

Right Hon. J. G. Diefenbaker (Leader of the Opposition): I had not anticipated, Mr. Speaker, that the President of the Privy Council (Mr. Lamontagne) would have been introducing this bill, in view of the fact it was in the name of the Prime Minister (Mr. Pearson). However, I want to congratulate him upon his presentation—not that I agree with much of what he said but with his knowledge of economics and his devotion to that field, when he speaks on any matter, he is naturally listened to with interest. I should like to say, too, that this morning I decided that it might not be inappropriate at this time if I were to look over some of the views that he had expressed in times past, as well as those of other hon. gentlemen on the other side of the house.

The minister has something in common with the Minister of Finance (Mr. Gordon). He has written a book. It is a book upon which I do not intend to go into detail on this occasion.

Mr. Lamontagne: Have you read it?

Mr. Diefenbaker: I have read it, and carefully studied it. I am glad he wrote a book because, Mr. Speaker, it is just as true today as when it was said originally, that the last thing a person going into politics should do is to write a book. I am sure the Minister of Finance (Mr. Gordon) is one of those who will agree with that aphorism. I also recall that the minister was one of those who gave to that meeting in Queen's University in 1960 something of the philosophy upon which the Liberal party has since operated, a philosophy that is in strong contradistinction to the basic tenets of that party. I intend to refer to

that study conference later, and compare the theories of that day in 1960 with the practical events of 1963.

In so far as the general objectives of the bill are concerned, when speaking on the resolution I stated that we agreed therewith, while at the same time not being dedicated to the principles of planning as enunciated a few minutes ago by the hon. gentleman in the detail and to the degree to which he gives his allegiance. An examination of the bill indicates that it is a catch-all. It has in it, almost verbatim, a portion of the productivity council bill. Then, it borrowed as well in extenso from Bill No. C-87 which was introduced by the former government on November 28, 1962, an act to provide for the establishment of a national economic development board. In addition to that, there are some further elements to which we do not give the same support as does the hon. gentleman. We will examine the purpose of the bill because, even a casual reading of this bill indicates that it is another in the series of shotgun legislation with which this government has become identified.

Even in the short time the government has existed there has been a policy of marrying in haste and repenting at leisure. This has been characteristic of these 60 days, and the additional days since. The outstanding example, of course, was the blunder budget. I am not going into detail in that connection because of course that would be improper, Mr. Speaker, but it is all part of the picture; it is all part of the general plan. All of these things when taken together represent something of the philosophy that the hon. gentleman gave to the Liberal party in 1960.

Mr. Speaker: Order; I wonder if I might interrupt the hon. gentleman? It being five o'clock, the house will now proceed to the consideration of private members' business as listed on today's order paper in accordance with the special order of July 10.

Mr. Pickersgill: Before we proceed to this order, I wonder if I might be permitted to remind all hon. members that under the order made yesterday we meet again at seven o'clock? I feel that otherwise some hon. members might forget and we might have difficulty in proceeding.

Mr. Diefenbaker: They seem to have forgotten we are meeting this afternoon.

Mr. Pickersgill: I agree.

Mr. Ian Grant Wahn (St. Paul's): Mr. Speaker, may I ask the house to give unanimous consent to considering third readings for the private bills that were reported earlier this afternoon from the banking and commerce committee, upon the understanding that if debate develops on any one of these bills, it would stand until the next private members' hour. I do this because of the fact that the number of private members' hours has been reduced to one a week, and it is desirable that we get these bills through.

Mr. Speaker: Is that agreed?

Some hon. Members: Agreed.

PRIVATE BILLS

KINROSS MORTGAGE CORPORATION

Mr. Lloyd Francis (Carleton) moved the second reading of Bill No. S-27, to incorporate Kinross Mortgage Corporation.

He said: Mr. Speaker, this bill has been passed by the other place, at which time it was debated and examined by the standing committee on banking and commerce. The references to the debates in the other place, if I may insert them for the benefit of hon. members are, in the present session, on June 26 at page 163; June 27, pages 169 to 170; July 3 page 185, and July 9 page 205.

The persons named for the purposes of incorporating this company and as provisional directors are all Canadian citizens. The capital to be subscribed for the company is Canadian capital. It is the intention to seek a charter by act of parliament which would be consistent with the Loan Companies Act, chapter 170 of the Revised Statutes of Canada. The proposed outline of the charter is very simple, following the format recommended by the Loan Companies Act in the appendix.

The company intends to carry on business making loans on first mortgages and other securities, in the province of Ontario initially. If it extends its business into the province of Quebec I have been assured it is the intention to provide for bilingual representation on the board of directors.

The sum of $500,000 in terms of the charter will be subscribed before the first general meeting takes place, and the sum of $1 million subscribed of which $500,000 shall have been paid before the company can undertake to carry on business. The superintendent of insurance has been informed and has had the opportunity of informing himself concerning the operations of the company. He will be available at the committee hearings, which I understand will be the procedure following second reading.

This is a new venture and it is not intended to take over any existing company. At the present time there is no intention to make any public stock offering, and there is no intention to accept public deposits, although I understand the Loan Companies Act would give such authority. At committee stage there

would be an opportunity for hon. members to ask questions, and in the committee on banking and commerce the superintendent of insurance will be called as a witness to give further information.

Mr. Speaker: Is it the pleasure of the house to adopt the said motion?

Some hon. Members: Agreed.

Motion agreed to, bill read the second time and referred to the standing committee on banking and commerce.

CHARTERED TRUST COMPANY

The house in committee on Bill No. S-17, respecting Chartered Trust Company—Mr. Wahn—Mr. Mackasey in the chair.

On clause 1—*Repeal.*

Mr. Peters: Would the sponsor of the bill give us an indication regarding the composition of the board of directors in relation to their citizenship?

Mr. Wahn: Mr. Chairman, I understood that these bills were brought on, on condition that there would be no debate. I think the undertaking was that if debate did develop we would stand them until the next sitting of the house, but I can assure the hon. member that this is a Canadian company and if not all, certainly the majority of the officers and directors, are Canadian.

Clause agreed to.

Bill reported, read the third time and passed.

THE GREAT-WEST LIFE ASSURANCE COMPANY

The house in committee on Bill No. S-10, respecting The Great-West Life Assurance Company—Mrs. Konantz—Mr. Mackasey in the chair.

Clauses 1 and 2 agreed to.

On the preamble.

Mr. Peters: Before the preamble carries I would like to ask the same question. Is the sponsor in a position to indicate in this case the composition of the board of directors and whether or not they are Canadians?

Mrs. Konantz: There is a board of 18, of whom, 17 are Canadians and one American.

Preamble agreed to.

Bill reported and read the third time and passed.

CONFEDERATION LIFE ASSOCIATION

The house in committee on Bill No. S-9, respecting Confederation Life Association—Mr. Wahn—Mr. Mackasey in the chair.

[Mr. Francis.]

Clauses 1 and 2 agreed to.

On clause 3—*Existing rights saved.*

Mr. Peters: In connection with clause 3, Mr. Chairman, could I ask whether the sponsor of the bill is in a position to tell the committee the composition of the board of directors.

Mr. Wahn: Certainly, Mr. Chairman; the majority of officers and directors of the company would be Canadian.

Mr. Peters: I was not asking about the majority; I was wondering whether they would all be Canadians.

Mr. Wahn: Mr. Chairman, I gave this specific information to the house when the bill was at second reading stage. At the moment I do not have the list in front of me, but certainly they are practically all Canadians.

Clause agreed to.

Bill reported, read the third time and passed.

CANADA PERMANENT TORONTO GENERAL TRUST COMPANY

The house in committee on Bill S-14, respecting Canada Permanent Toronto General Trust Company—Mr. Wahn—Mr. Mackasey in the chair.

The Acting Chairman (Mr. Mackasey): I would inform the committee that clause 1 of this bill was amended in the banking and commerce committee. Shall the clause as amended carry?

Clauses 1 to 4 inclusive agreed to.

Bill reported, read the third time and passed.

RAILWAY ACT

AMENDMENT RESPECTING ABANDONED RAILWAY LANDS

On the order:

Second reading of Bill No. C-17, to amend the Railway Act (the public's royalties in abandoned railways)—Mr. Ormiston.

Mr. Speaker: Order. I have certain remarks on the admissibility of this bill which I would like to give the house now. The purpose of this bill is to delete from the general powers of railway companies the power to "alienate, sell or dispose of, any lands or property of the company that for any reason have become not necessary for the purpose of the railway". In other words, according to the explanatory note:

The purpose . . . is to emphasize . . . that abandoned railway lands and the property thereon are royalties accruing to the public and not to the railway company's shareholders.

According to section 16 of the Canadian National Railways Act, chapter 29 of the statutes of 1955, the provisions of the Railway Act apply to the national company. There is no doubt that if this amendment were adopted it would prejudicially affect the assets and revenues of Canadian National Railways. Furthermore it would increase the annual deficit of the Canadian National Railways for which parliament has to provide.

For the above reasons it is a money bill and cannot be introduced by a private member, according to the provisions of the British North America Act and of the standing orders of the house. On May 9, 1933 it was decided by Mr. Speaker Black that an amendment involving an expenditure to be incurred by the Canadian National Railways is out of order because the railway is owned by the government. See Beauchesne's third edition, page 497. Mr. Speaker ruled the proposed amendment out of order on the grounds that it involved an expenditure of public moneys and could only be moved by a minister on the recommendation of the crown. From this ruling there was an appeal, and the question being put: Shall the ruling of the Chair be sustained; it was decided in the affirmative.

Accordingly, I believe this bill to be in the nature of a money bill and I declare it to be out of order.

Mr. J. N. Ormiston (Melville): On a point of order, Mr. Speaker, with the utmost respect for both Your Honour and your office, I regret that I must make the following observations. The only purpose of this bill is to remove from the Railway Act a section that is ultra vires as infringing provincial property and civil rights. I refer to the opinion of the deputy minister of justice which is set out in the explanatory notes to the bill.

To argue that this is a money bill begs the question, for to hold that this bill involves the expenditure of money or puts a charge upon the people is to give a prior constitutional decision and legal opinion that the present section 164 (1) (c) is valid, because if section 164 (1) (c) is invalid and therefore of no legal force and effect, this bill, by repealing that ineffective and void section, cannot cause any effect except—as put in the explanatory notes—to remove a provision that misleads as to the respective rights of federal government, provincial governments, railways and private citizens. Authorities which hold that the Chair will not decide a constitutional question nor give a legal opinion are set out in Bourinot, fourth edition at page 180 and repeated in Beauchesne, fourth edition, page 61, citation 71 (5).

Mr. Speaker: I wish to thank the hon. member for his most interesting, even learned and constructive remarks, but his comments were made on a point of order after a decision had been given and in consequence I am afraid we have to take the next order of business.

PUBLIC SERVICE

MEASURE TO ESTABLISH OFFICE OF PARLIAMENTARY COMMISSIONER

On the order:

Second reading of Bill C-19, an act to establish the office of parliamentary commissioner.—Mr. Thompson.

Mr. Speaker: Once again I hope hon. members will permit me to make a few remarks as to the admissibility of this bill.

Mr. Andrew Brewin (Greenwood): May I rise on a point of order? If Your Honour proposes to read out a decision ruling this bill out of order would you not hear observations on the subject before you make your ruling so that you will not be placed in a position of having to disregard any submissions which may be made to you later.

Mr. Speaker: I thank the hon. member for his suggestion. Of course, the Chair is only trying to fullfil its duty in endeavouring to make sure that these bills are in order. The Chair would certainly welcome any comments at this time.

Mr. R. N. Thompson (Red Deer): With regard to the point Your Honour has raised and your reference to this bill being out of order—

Mr. Speaker: May I interrupt the hon. member? I have not given any opinion yet. I did not say it was in order or out of order.

Mr. Thompson: I was a little apprehensive that the same thing might happen in this case as happened in the case of the previous bill. This has been carefully studied with the thought that it could be brought within the regulations of standing orders of this house. Basically, it is similar to Bill C-98, which was on the order paper last year, but which never came up for debate. In drawing up the bill I have been careful to avoid providing for the expenditure of public money. According to clause 3, the person to fill the office of parliamentary commissioner would be chosen from among the senior officials of the Department of Justice and for the purpose of pay and allowances he would be treated in the same manner as if he continued to be an officer of the Department of Justice.

This was not done in a corner. We consulted a number of people who are authorities on this subject, including the parliamentary law officers and your two immediate

predecessors as Speakers of the house, in an effort to ensure that we were not running contrary to any rules. My respectful submission at this time, therefore, is that the bill comes within the rules and I believe we should consider it in that light.

The office of parliamentary commissioner is an important one and I think the people of Canada are looking forward to its establishment. The setting up of a position similar to that occupied by an ombudsman, as he is known in the Scandinavian countries, will be welcomed by a large section of the public. Prominent individuals have been increasingly concerned about bureaucracy and the tendency of centralized authority to move in on the rights of individuals. I would appeal to you, Mr. Speaker, to say that this bill is entirely within the rules of the house and should be regarded as in order.

In case this should not be your decision, I would at this time move the second reading of this measure.

Mr. Speaker: May I point out to the hon. gentleman that he has discussed the content of this bill, though it has not yet been moved. I understood he intended to raise a point of order. I think there should be an opportunity for hon. members to express themselves but if the hon. member for Greenwood is rising on a point of order, would he please stick to the point of order?

Mr. Brewin: I shall be addressing myself entirely to the point of order. I have heard it suggested that this bill will be ruled out of order because it is said to involve the expenditure of public funds. It is my respectful submission that it may, in fact, be defective because it does not propose to spend public funds. It proposes to place the task of filling this post of parliamentary commissioner on the shoulders of an existing official of the Department of Justice. It does not involve the expenditure of a single additional cent of money.

I notice that according to citation 366 of Beauchesne the introduction of a bill establishing additional staff in a branch of the civil service was prevented by the Speaker. I would respectfully point out that the emphasis in that citation falls upon the word "additional". Here, all that is done is to ask the existing staff to accept an additional duty. This does not involve any additional money. There may be a little postage to pay but the measure itself provides that those who have grievances should pay a fee of $5.00 which would, surely, cover such incidental expenses. The duties of the commissioner would be, among other things, to make inquiries from other government officials and to look into certain matters. This is already part of the functions of the Department of Justice, in my submission. In my view, although one might wish to criticize particular parts of the act itself, this legislation is in order as well as being of great interest to many sections of the house and of the country generally.

Mr. D. S. Macdonald (Parliamentary Secretary to Minister of Justice): I should like to speak on this point of order and particularly with reference to the remark made by the hon. member for Greenwood. He has referred to citation 366 of Beauchesne's fourth edition. I should like to go further and refer the house to the ruling of Mr. Speaker Casgrain referred to in that paragraph. The bill in question was one similar to the bill the admissibility of which we are now discussing. The mover of this bill proposes that a certain official or officials of one department should be transferred to another post. The ruling of the Speaker on this earlier occasion might be summarized under two headings: first, whether or not existing staff continuing to be used in the service, but being shifted to an additional function would, as a practical necessity, require the expenditure of additional public funds, it being understood that where extra funds are needed parliament should specifically provide for them. The second ground on which the Speaker of that day ruled against the bill could most expeditiously be put forward by reading from the ruling itself. I am reading from the House of Commons *Journals* for Friday, February 21, 1936 at page 62:

> Another element which places this measure in the category of money bills is that its adoption would mean the transfer of the authority under which appropriated money is to be spent. The translators' salaries have been voted as part of the estimates of the Secretary of State's department. This was done by resolution in committee of supply and it was subsequently embodied in the appropriation bill. When money is voted, the main conditions imposed on its expenditure are embodied in resolutions. All the circumstances concerning its destination form part of the appropriation with which they are considered and if any alteration is to be made it must be by the same process as the original resolution.
>
> A money bill is defined in the British house as a public bill which contains only provisions dealing with *inter alia* the "custody" of public money. The custody is undoubtedly the placing of an appropriation under a certain minister.

Therefore, Mr. Speaker, I maintain that what the hon. member for Red Deer is proposing is that the expenditure which has been authorized under the Department of Justice should be transferred out of that department and be dealt with in accordance with the appropriation resolutions concerning the House of Commons, and that would be contrary to the ruling of Mr. Speaker Casgrain.

For that reason, I submit that Your Honour should rule against the propriety of this bill.

Mr. J. J. Greene (Renfrew South): Mr. Speaker, on the point of order I should like to reply briefly to the argument, as I see it, of the hon. member for Greenwood (Mr. Brewin). Apparently he would indicate to the house that if personnel or an entire department is transferred to another department it does not constitute the hiring of additional help. It may however leave a gap in the old department and they will have to hire more help. If this can be done, then I suggest that an entire department could be washed up and transferred to some other department.

I have been faced here with a problem. I have sat in this house and listened very carefully to development boards being set up hither, thither and yon to help develop areas of the country, and I have striven hard to fashion some way in which an economic development board could be set up for the riding of South Renfrew with several hundred million dollars granted to it. This might be a constitutional way of doing it. If Your Honour rules that this is in order, we might direct some other department to be in charge of an economic board for South Renfrew.

Mr. H. A. Olson (Medicine Hat): Mr. Speaker, I respectfully submit to you that as recent as Tuesday last we have precedents for ruling this bill in order. For example, on that day we had second reading of Bill No. C-16 which proposed the setting up of a veterinary college in western Canada by the federal government. If this bill is passed it will involve an expenditure of several million dollars to be borne by the federal government. So it would certainly appear that, indirectly, that bill would have been out of order on the basis that it may involve government expenditure.

I also submit for Your Honour's consideration the fact that almost all the private bills listed on the order paper would indirectly involve some additional expenditure. Because if you are going to use the argument that it imposes additional responsibility on a department, and thus additional activity and perhaps expenditure, as a basis for ruling that a private member cannot sponsor a public bill, I submit we will have to strip the order paper of almost every bill on it. I think this has not been the practice in the past. Therefore, Mr. Speaker, I appeal to you to consider the fact that we discussed only the day before yesterday a bill which, if it had passed, would have involved the expenditure of several million dollars. While there is a possibility that some indirect expense will be involved, I submit that this bill is in order.

Mr. Speaker: Are there any other hon. members who would like to express an opinion? If not, the matter is not too easy to decide, and hon. members will realize that I am trying to carry out my constitutional function and duty. Therefore I have an opinion on this particular bill which I should like to give at this moment.

On the order for the second reading of a somewhat similar bill, namely a bill to establish the office of parliamentary proctor, etc.; on April 6, 1962, Mr. Speaker Michener said, among other things, as reported on page 2597 of *Hansard*:

> Before calling on the hon. member or recognizing the hon. member, may I say that I feel it to be my duty to draw the attention of the house to the fact that this bill has some of the characteristics of a money bill, or one that requires a resolution. I therefore feel that if the debate proceeds I should at least indicate the possible difficulties with a bill of this kind so that it will not be taken as a firm precedent for similar legislation.

It is true that the present bill is somewhat different, more particularly in that it does not provide directly for the payment of a salary for the parliamentary commissioner or his staff. On the contrary it states in clause 3 that:

> The parliamentary commissioner shall be chosen among the senior law officers of the Department of Justice—

—etc. As to the staff, clause 6 is to the effect that:

> The parliamentary commissioner may from time to time obtain the services of such officers and employees of the Senate, the House of Commons and the Department of Justice—

—etc.

From this it may be deducted, first, that there will be transfers from one department to the other; second, that it is quite probable that the officers so appointed will have to be replaced by others; and third, that a new office or branch will be created.

I am of the opinion that this bill is a money bill and for that reason it cannot be introduced by a private member. It is inconceivable that the numerous duties of parliamentary commissioner as suggested in the bill could be assumed without an expenditure of money. The officers transferred from other departments will have to be paid, probably at an increased rate of pay. They will have to be replaced in the departments from which they have been transferred by new employees, thus creating a number of new employees.

On May 17, 1918 Mr. Speaker Rhodes decided that a motion to amend a bill to

provide for the appointment of additional government officials was out of order as it involved an increased grant of public money. This is found in Beauchesne's third edition, page 439.

On the same date the Speaker also ruled that an amendment proposing to increase the membership of a government paid board involved an expenditure and cannot be moved by a private member. The reference here is Beauchesne's third edition, page 475.

On March 2, 1927, Mr. Speaker Lemieux ruled that a bill to create a new department of the government was out of order because it was not introduced by a minister of the crown with a recommendation of the governor general. The reference is Beauchesne's third edition, page 475.

On February 21, 1936, Mr. Speaker Casgrain decided that a bill providing for the transfer of a government service from one department to another involves the custody of public moneys and cannot be introduced by a private member. The reference here is Beauchesne's third edition, page 478. In the course of rendering the above decision the Speaker stated, *inter alia:*

> Another element which places this measure in the category of money bills is that its adoption would mean the transfer of the authority under which appropriated money is to be spent.

And further:

> When money is voted, the main conditions imposed on its expenditure are embodied in resolutions. All the circumstances concerning its destination form a part of the appropriation with which they are considered and if any alteration is to be made it must be by the same process as the original resolution.

And still further:

> —the circumstances under which an expenditure is to be made are indivisible from that expenditure. The choice of the minister responsible for paying out the money is a material condition of an appropriation, and in order to change it the house would have to amend the principal clauses of a money bill.

To conclude with the words of Speaker Casgrain in this last decision, with which I agree, he said:

> I am therefore of the opinion that the proposed measure has all the earmarks of a money bill and cannot be introduced by a private member. I declare it out of order.

That is the end of the quotation from Speaker Casgrain with which, I regret to say, I must agree.

Mr. Thompson: Mr. Speaker, in view of the jeopardy in which all public bills moved by private members are placed I do, with great regret, appeal the ruling you have just made.

Mr. Speaker: The house has heard the decision of the Chair from which the hon. member for Red Deer has appealed to the house. All those in favour of sustaining the decision of the Chair will please say yea.

Some hon. Members: Yea.

Mr. Speaker: Those opposed will please say nay.

Some hon. Members: Nay.

Mr. Speaker: In my opinion the yeas have it.

And more than five members having risen:

Mr. Speaker: This is an appeal to this house from the ruling of the Chair which is as follows:

> On the order for second reading of Bill No. C-19, an act to establish the office of parliamentary commissioner, the Chair ruled to the effect that as the bill contained money provisions it could not be introduced or proceeded with by a private member, whereupon the hon. member for Red Deer (Mr. Thompson) appealed to the house from the decision of the Chair.

The house divided on the question: Shall the Speaker's decision be sustained? And the decision of the Chair was sustained on the following division:

YEAS

Messrs:

Aiken	Forgie
Alkenbrack	Garland
Armstrong	Gelber
Asselin (Notre Dame de Grace)	Gendron
Asselin (Richmond-Wolfe)	Granger
Badanai	Gray
Barnett	Greene
Basford	Guay
Bechard	Gundlock
Benson	Habel
Berger	Hahn
Blouin	Haidasz
Brown	Hales
Byrne	Hays
Cadieux (Terrebonne)	Hellyer
Cantelon	Herridge
Cardin	Honey
Caron	Irvine
Carter	Jewett, Miss
Chretien	Kindt
Churchill	Konantz, Mrs.
Clancy	LaMarsh, Miss
Coates	Lamontagne
Côté (Longueuil)	Lamoureux
Cowan	Laniel
Crossman	Laverdiere
Crouse	Leduc
Cyr	Lessard (St. Henry)
Danforth	Macaluso
Davis	Macdonald
Deachman	MacEachen
Denis	MacEwan
Deschatelets	MacInnis
Dinsdale	Mackasey
Doucett	MacLean (Queens)
Drury	MacNaught
Dupuis	Macquarrie
Emard	McIlraith
Enns	McMillan
Ethier	McNulty
Favreau	McWilliam
Forbes	Madill
	Martin (Essex East)
	Matheson

Matte	Robichaud
Millar	Rouleau
Mitchell	Ryan
Moreau	Sauve
Morison	Sharp
Muir (Cape Breton North and Victoria)	Starr
	Stefanson
Mullally	Stenson
Munro	Stewart
Nasserden	Tardif
Nicholson	Teillet
Noble	Temple
Nugent	Thomas
O'Keefe	Tremblay
Ormiston	Tucker
Otto	Vincent
Paul	Wahn
Pennell	Walker
Pepin	Watson (Assiniboia)
Pickersgill	Watson (Chateauguay-Huntingdon-Laprairie)
Pilon	
Pugh	Weichel
Rapp	Whelan
Ricard	Winkler
Rinfret	Woolliams—134.

NAYS

Messrs:

Belanger	Latulippe
Boutin	Lessard (Lake St. John)
Brewin	McIntosh
Cameron (Nanaimo-Cowitchan-The Islands)	Mather
	Olson
Chapdelaine	Orlikow
Côté (Chicoutimi)	Ouellet
Dionne	Patterson
Fairweather	Peters
Fane	Pigeon
Gauthier	Regan
Gregoire	Thompson
Howard	Webb
Knowles	Webster—28.
Laprise	

Mr. Speaker: I declare the decision confirmed.

It being six o'clock I do now leave the chair until seven o'clock this evening.

At six o'clock the house took recess.

AFTER RECESS

The house resumed at 7 p.m.

ECONOMIC COUNCIL OF CANADA

PROVISION FOR ESTABLISHMENT AND DEFINITION OF DUTIES

The house resumed consideration of the motion of Mr. Lamontagne for the second reading of Bill No. C-72, to provide for the establishment of an economic council of Canada.

Mr. Diefenbaker: Mr. Speaker, it is rather a novelty to be starting at 7 o'clock. Personally I believe that if this could be secured by general consent, it might be a very good idea. As a matter of fact, in the United Kingdom parliament, as you know, they sit between six and eight o'clock. They have an unwritten law to the effect that during this period of time votes are not called nor shall divisions take place. I have often felt that if we were to increase the time of sitting earlier in the session than is the customary wont, a great deal of time would be saved and parliament made more effective.

Mr. Pickersgill: Hear, hear.

Mr. Diefenbaker: Now that I have the support of the Secretary of State (Mr. Pickersgill) perhaps something will be done in this regard. But speaking seriously, Mr. Speaker, I think we have to do what we can, by agreement among the various parties of the house, to bring about the highest possible standard of procedure to the end that this institution shall be able fully and properly to discharge its function.

At five o'clock I was dealing in general with the philosophy of the President of the Privy Council (Mr. Lamontagne). I mentioned earlier that I had made a study of his work and also of his speeches. I may be giving him credit to which he is not entitled but, sir, I believe that the philosophy of the new Liberalism had its beginnings, its generation and its birth in the heart of the hon. gentleman. I listened to his words today. He dealt with the need for bolder and more dynamic action, for selective policies and the need for not being antagonistic to planning. The question of guiding, directing or compelling the economic system to produce results regarded as desirable has agitated political discussion for many, many years. Having regard to the personnel of the present government I think it can be fairly said that this government is a planners' government; it is committed to directing the economic life of the country. Indeed, the hon. member for Northumberland (Miss Jewett) in her very able speech at the opening of this session indicated that the Liberal party, or at least most members within that party, are prepared to accept this growth toward a collectivist society. The hon. member, further, accepted the argument that such a society does require direction and guidance from the main institutions.

No one can argue that the sense of directive planning is not of the essence of any government. But as I read the philosophy enunciated and expounded by the President of the Privy Council I believe he has a belief in planning, a belief in its intrinsic worth, that transcends that of any other hon. member in this house.

Mr. Pickersgill: What about the hon. gentlemen down there?

Economic Council of Canada

Mr. Diefenbaker: As far as our hon. friends of the New Democratic party are concerned, they are out in left field in that regard. Hon. gentlemen opposite have swallowed the doctrines of those in the New Democratic party while pretending to not having done so. One has just to look—

Mr. Knowles: Now we know how Jonah felt.

Mr. Diefenbaker: Yes; he came out all right. It only took him three days, but at the rate this government is going that is about the same length of time it has taken the Canadian people to realize where planning will take them, unless the planning is properly planned. As I peruse the views expressed by the hon. gentleman I think this is a general philosophy of his; he belongs to the group that believes all problems can be resolved simply by referring them to a group of planners. His philosophy leaves little leeway for private initiative and enterprise.

This afternoon the hon. gentleman talked of collective action. That is a phrase beloved by the planners. I mentioned earlier the reference to a collectivist society. In the philosophy of the Liberal party planners this bill, in part adopted, the good parts of it, from our philosophy and our legislation, has added to it some portions, to which direct reference will be made when we are in committee, which represent a philosophy that we cannot accept.

The hon. gentleman seems to believe that all that is necessary is bold action; that our problems will be solved as long as a government is doing something. We have had quite a bit of experience in the last few weeks—

Mr. Winch: Not the last six years.

Mr. Diefenbaker: —that they think as long as a government is doing something, right or wrong, it represents forward action. The hon. gentleman seems to accept the proposition that through planners, and only through planners, can we foresee and solve problems. Well, all I can tell him is this, that his fellow member of the cabinet, the Minister of Finance (Mr. Gordon) only the other day was able to say, when he participated in that great retreat, that in effect the complexity of modern business, and therefore the complexity of modern taxation has made it increasingly difficult for governments to see all the administrative problems and the consequences of tax changes. It is not only the legislation that you have to look at; it is the philosophy of those who will implement that legislation.

The hon. gentleman said that this legislation, or no part of it, will be compulsive or coercive; it is to be entirely persuasive; and no doubt it was very comforting for business across Canada, small and large, to learn today from his lips that he did not intend to invoke compulsion. This is a picture of the planner. He called for audacious direction of the economy by government. Didn't we have a wonderful example of that in the budget? That was audacious, but it turned out to be one of the most colossal flops in all history.

Some hon. Members: Hear, hear.

Mr. Diefenbaker: The planners knew when the troika met with the Minister of Finance that they had a plan. They kept it to themselves. It was not revealed till finally it came before parliament, and business across Canada and the economy as a whole is still reeling from the audacious direction imparted by his colleague the Minister of Finance. That was only in the tax field. The hon. gentleman is going into the entire field; he is going beyond taxation.

Sir, I am going to refer for a moment to the general philosophy which seems to be inherent in the thinking of this government. I cannot understand the application of that philosophy. The Minister of Finance said he wanted price stability, more investment and expanded production. There was planning: They planned and did not realize the consequences of what they were planning. They planned that as an objective; and that is the objective of this legislation. At the same time they turned around and slapped a prohibitive tax on the pursuit of these objectives. Sir, the budget is part of this great plan, the five-sided plan. One would have thought that the Liberal party's flirtation with the grandiose scheme for a planned economy would go with the bright young men to the places in which they were before they came here.

The hon. gentleman comes along with his plan. I mentioned this afternoon that I had done some reading so that I would understand his philosophy, because I am frank to say immediately that the hon. gentleman is sincere in what he contends. This represents to him the epitome, the necessity of any government today. Indeed, reading over the speech delivered at the study conference on national problems on September 7, 1960, one can only come to the conclusion that the cookbook from which the Pearson government is borrowing many of its economic ideas and recipes for directing and controlling the Canadian economy is the lengthy paper that he placed before that group. His main thesis is, "The government needs more machinery for economic research". His argument, in effect, is that there is nothing wrong with Canada that cannot be cured by a bigger bureaucracy. That is the philosophy; that philosophy he enunciated in detail.

Sir, as one reads what he said and what he wrote there is revealed between the lines a desire for centralization, a distrust of private enterprise. Indeed, what is hoped for is public planning and control. He points out the danger of private initiative.

Mr. Lamontagne: On a point of order, Mr. Speaker, I certainly never said that I was advocating public controls.

An hon. Member: That is no point of order.

Mr. Diefenbaker: Well, Mr. Speaker, I do not mind the hon. gentleman interrupting me at any time, because I am just coming to a conclusion based upon what he says. I may be giving it an interpretation that possibly does not appeal to him, but it is one that seems clear from what he said. He talks of full employment. What is full employment?

An hon. Member: We did not know while you were in power.

Mr. Diefenbaker: The hon. gentleman has not read what his mentor and philosopher, the President of the Privy Council, has said in this regard. What is full employment? He would allow 3 per cent of the labour force to be out of work. That would mean that approximately 200,000 people would be the normal number out of work. What is real growth? Well, he would allow not less than 5 per cent per annum. Without the planning we had 8 per cent last year.

Mr. Lamontagne: What about the four previous years?

Mr. Diefenbaker: We were just recovering from the mess into which the hon. gentlemen put our economy.

Some hon. Members: Hear, hear.

Mr. Diefenbaker: Mr. Speaker, I welcome any such interruptions.

Mr. Pickersgill: Would the right hon. gentleman permit a question?

Mr. Diefenbaker: If the hon. gentleman—

Mr. Pickersgill: I notice that the right hon. gentleman—

Mr. Diefenbaker: Will the hon. gentleman sit down.

Mr. Pickersgill: —is very brave until his challenges are accepted.

Mr. Deputy Speaker: Order. The Leader of the Opposition has the floor and should not be interrupted unless he is willing to answer a question.

Mr. Diefenbaker: Mr. Speaker, any time the garrulous Secretary of State frightens me there will be another sun in the sky.

Some hon. Members: Hear, hear.

Mr. Pickersgill: Mr. Speaker, will the right hon. gentleman answer my question?

Some hon. Members: Sit down.

Mr. Pickersgill: Would the right hon. gentleman permit me to ask him a question?

Mr. Deputy Speaker: My understanding is that the right hon. Leader of the Opposition (Mr. Diefenbaker) has the floor. The Secretary of State (Mr. Pickersgill) may ask a question if he wants to, but the Leader of the Opposition, who has the floor, may refuse to answer it.

Mr. Diefenbaker: We are getting so in this house, Mr. Speaker, that no matter what comes up the Secretary of State takes the floor. He loves the sound of his own voice. I will be glad to answer any questions at the conclusion of my remarks, but these aimless interruptions, designed to interfere with the argument—

Some hon. Members: Oh, oh.

Mr. Diefenbaker: Mr. Speaker, when you throw a stone you always know which one it hits from where the howls come from.

Mr. Pickersgill: You can tell from the crying.

Mr. Diefenbaker: No self-identification.

Mr. Pickersgill: Mr. Speaker, I rise on a question of privilege.

Some hon. Members: Sit down.

Mr. Pickersgill: The right hon. gentleman said something about self-identification. I have never cried. I have never complained about being howled down.

Mr. Deputy Speaker: Order. May I suggest that there was no question of privilege at this point. I would ask the Leader of the Opposition to resume the substance of his speech.

Mr. Diefenbaker: Never in my life, Mr. Speaker, have I known so many interruptions when a person is engaged in reviewing a book. And the Secretary of State is an author too. Now may I continue. I mentioned the real growth of the economy. Then according to this speech in 1960 another question was: What are stable prices? The hon. gentlemen would allow a fluctuation of around 1 per cent. Then he deals with the philosophy of Maynard Keynes and comes to the conclusion that Keynes really could not prescribe for the present generation. He

comes to the conclusion that we need policies which can start and stop quickly, or even be reversed. Well, that is interesting; I page the Minister of Finance (Mr. Gordon) in that connection.

I mentioned earlier the book "Evolution and Problems, 1954". Does that not set forth in some detail a tightly centralized Canada?

Mr. Lamontagne: What is the title of the book?

Mr. Diefenbaker: He says it needs an economic research council to tell us what is wanted in our economic system. He asks for the setting up inside the government of an advisory board on economic development and stability to advise the government and private business. He believes that such a board if set up could put an inefficient and irresponsible government, as he says, on the spot. I make no observation on that; I do not know whether they have set up that committee yet.

With regard to private enterprise, he concludes from what is happening that it needs direction. This is my conclusion from reading what he says. He says that production is being misdirected by private enterprise, which may rely on advertising to create its market, which may concentrate the public attention on low priority wants when it should be interested in other things, and which may neglect other important objectives. This is the philosophy, sir. "He who runs may read". This is the philosophy behind the planning upon which this government has embarked. He says that Canada should develop its secondary industry, and certainly it should. Then he goes on to say that this should not be done by encouraging small manufacturing behind a wall of protection; that such industry should engage in competition on a wider scale. Then he says this of a government interested in small business:

> This may involve a smaller number of larger units in each industry.

What happens to small business? What happens to the little business places in all of our towns and cities?

Then he goes on to deal with the north, because he covers everything. He deals with the opening up of the north. He does not rely much on developing the north. While the Canadian north will undoubtedly play an important role in the Canadian economy, he says, the huge private and public investment required to open up this vast economic frontier will make a much greater contribution to general welfare if it is used for the time being in the more settled parts of the country. This, sir, is the philosophy. He goes on to say that in order to keep prices properly in line under the selective fiscal policies which are advocated, business and agriculture should meet at an annual conference at which objectives would be explained and the sense of social responsibility developed to discourage conflicts, such as labour pressure for higher wages, when such increases are not in the public interest.

This, Mr. Speaker, is an amazing document: it is frank, comprehensive and far-seeing, from the point of view of the hon. gentleman who wrote it. He says that we should learn to use new tools of economic policy. From a reading, even a perusal, of the two documents to which I refer, hon. members of this house will get an understanding of the philosophy which activates this government.

This measure cannot be considered in isolation; it is one of a great panorama planned for three long years in every detail. This measure must be viewed in the light of the other measures which have been introduced. The declaration of purpose is to stimulate the economy in order to provide jobs, and there are elements in it which are deserving of the widest possible support, for anything that can be done in that direction deserves the consideration and approval of parliament. But I find it difficult to understand the objective in question alongside the tax on building materials and new machinery. One naturally wonders how much of the economy will be left to stimulate, by the time some of these other measures start to function. The council will be set up and asked to do its work on the basis of a budget that is all but vanished, with some parts of the rest of it unworkable or meaningless. This measure cannot be separated from the other measures, for they create the atmosphere in which the national economic council is being set up. By way of example, what manner of thinking brought about the suggestion of a $500 bonus on winter-built homes? When it was announced, every person owning a home in Canada had in effect $500 less value for his own home and had to provide the taxes so that someone else could get $500. What an army of inspectors it is going to take to go out in December to inspect the sites and to go out in March to see whether or not the conditions have been fulfilled. It will provide a nightmare of bureaucratic confusion. What about the plan to pay one half the salary up to $150 per month of workers over 45 years of age who are hired? It puts a limitation on wages for everyone. The planners planned, but they did not think ahead. All of this, as I say, is part of the same picture.

The municipal loan fund was launched with tremendous fanfare. We do not know where it is. Questions were asked today. It is going to come up. It went off in the blue. We have

not heard much of it since. It was sighted over Quebec yesterday. That is all we know about it. In fact, it was sighted in the Quebec legislature just this morning when the premier of Quebec termed this legislation a breach of promise by the Prime Minister (Mr. Pearson). Is that legislation still in orbit, because it is part and parcel of this economic planning?

With respect to the legislation before us to set up a board with similar powers to those provided in Bill No. C-87 introduced last November, we give it our support. In part it is a duplication of that bill. I make it clear that in so far as it consists of a duplication of that bill and of the National Productivity Council Act we naturally give it support. But it has other things in it, and I am only going to point out one on this occasion. It has in it a provision that indicates how the budget is interlocked with the establishment of an economic council for Canada. The clause is an omnibus one, and it has to do with the fostering of plans for economic development by way of studying means of increasing Canadian participation in the ownership, control and management of industries in Canada.

The government have determined on the course. They made a frightful mess of their planning in this connection. The 30 per cent tax went with the birds and the truth squad. The other day there was a further change, and yet in the face of the planning that has been done provision is made in this bill that the board is to study means of increasing Canadian participation. I suggest that when they set up a board for this purpose, among other things, they have determined on the course they are going to take before it is set up. The board is also to study the potentialities of growth and the like, and to explore and evaluate particular projects of major significance. Those are desirable objectives and with those objectives we are in agreement.

However, sir, in this legislation there are quite a number of clauses that invade provincial jurisdiction and constitute an interference with the constitutional rights of the provinces. All during the election campaign and prior thereto it was said that before the municipal loans plan was brought in the provinces would be consulted. That was the undertaking. When the hon. member for Ontario (Mr. Starr) was Minister of Labour he brought in the winter works program. He received widespread support for it because he consulted with the other levels of government before bringing it in.

Within the ambit of the bill now before us there are various elements of intrusion into the provincial arena, and I think there should have been consultation. I know it has been suggested that after some of this legislation has been passed by parliament the provinces are going to be consulted. That is not consultation. Consultation consists in taking the counsel of these various levels of government before legislation is passed.

Indeed, I think we should endeavour to bring about in our federal-provincial relations new vistas of consultation. During the period that the government of which I had the honour to be the head was in office we brought about a system. I do not say it was perfect but it was a workable solution to many of the problems of a federal state. I think we will have to establish something in the nature of a general course of conduct so that we will not forever be fighting the battles of federal-provincial jurisdiction and the like. We did that in connection with the resource ministers council. The hon. member for Brandon-Souris (Mr. Dinsdale) convened a conference on the subject of resources for tomorrow. Out of that conference came the resource ministers council. During the discussions and consultations a minister from each of the provinces took part in a study of what each province was doing, and a program was worked out which could be recommended to all the governments. It provided for a secretariat which is responsible to no one government, but to a committee set up by the resource ministers themselves.

The hon. member for Brome-Missisquoi (Mr. Grafftey) has a resolution on the order paper, and while I am not saying I agree with it in its entirety it does have elements in it that are necessary to be imparted into any arrangements to assure continuing consultation with the provinces.

As a result of the resource ministers council being formed they have worked out problems in co-operation. They have been able to bring about agreement. The president of the council at the present time is the Hon. Rene Levesque. The presidency changes regularly. As we are trying to make the constitution more workable and more effective, all of which is dependant on consultation, I think we have to work out under our system a general plan of operation. The technique that we evolved was not, as I said, perfect. It was the result of trial, error and experiment, but I think we evolved a system whereby federal concepts make possible co-operative planning of admirable programs in all fields, as has been done in the resource field. We did that too in the Department of Agriculture, under the Agricultural Rehabilitation and Development Act.

I mention this as an aside, and as a digression, that we must do all we can to set up some form of flexible machinery which will permit the functioning of full co-operation and consultation between the federal and provincial governments. I am concerned over

what is happening in connection with the municipal loan fund. The spirit of co-operation that was built up between the two levels of government by the means I have already mentioned has been seriously diminished in consequence of the action of the present government in proceeding with legislation, however admirable, without the fullest consultation and consideration.

Having said that, sir, I want to point out that except for one or two particulars to which I have alluded, the principle in general that is followed here is in no way new. We had it in our legislation, in the bill to which I have already referred, to establish a national economic development board. The Liberal party, in the House of Commons, said it agreed with the plan, and then proceeded for seven days to talk about it. We spent two days on the resolution stage and five days on second reading and in committee of the whole. Finally, with dissolution, it ended. They said they believed in the principles. They accepted our idea for directional planning without coercion or compulsion, and unaccompanied by the philosophy of coercion that seems to be characteristic of this government. At the same time, they opposed the measure day after day.

It is very interesting to look back and to find that the Secretary of State for External Affairs (Mr. Martin) said they agreed with what was being done. The present Minister of Finance (Mr. Gordon) agreed in general with it, and then proceeded to advance many arguments to show that it would not be operative. At page 819 of *Hansard*, for October 22, 1962 he uttered these immortal words:

> We need a government which is not afraid of taking positive action; a government which knows what it would do.

They took action, all right, under their budgetary plans; then in panic they threw them overboard, not all at once but one by one. They referred to a government which knew what it would do. But what is more important is a government which knows what it wants to do and, having decided it, stays with it. We do not know what the next step is. We have not got the legislation. I believe there are many people across Canada who, in view of the representations being made now, expect a few more of the principles which were the cornerstones of the new economy building in this country will be thrown overboard between now and the enactment of legislation.

The creation of a national economic development council, as I said a moment ago, is not new. We provided for that, and we provided for a national productivity council. However, when the present Minister of Finance was speaking, he contended that what we were doing in that legislation was setting up a board which would emasculate the national productivity council. This was the criticism he made last fall. Now, they are throwing the national productivity council overboard by placing at least some of its principles with this board.

In the United Kingdom, sir, an economic council was set up. I am not going into the particulars of it. However, I would point out that several reports have been made by the British national economic development council and they are well worth reading. One is a study of the growth rate in the United Kingdom economy to 1966, and it was published in April of this year. This is the type of planning to which no one can object. It is unaccompanied by the philosophy that planning is an end in itself, that the planners have some superior source of information or inspiration above ordinary human beings and they will tell you where you should go; that they know what is good for you. We have had enough of that kind of planning in the budget. The planning provided for under the national economic development council in the United Kingdom was on the basis that the economic growth rate, which was 2.2 per cent per year, should be increased to a growth rate of 4 per cent where possible by 1966.

They said the United Kingdom has ample scientific trained personnel; that industry will have to be more efficient. As the hon. gentleman said this afternoon there must be a heavier and more rapid investment in industrial capacity. The report from the United Kingdom deals with the deficit in the balance of payments, and indicates that exports will have to be increased sharply; consumer expenditures will have to be increased substantially; that government, management and trade unions will have to co-operate closely to achieve an annual increase in growth rate. Then, there is a further report that came out on June 6, "Conditions Favourable to Faster Growth".

In so far as the present bill is a counterpart of that which we introduced, and which was talked out, it receives our full and complete support. I mentioned a moment ago that I could not understand the incorporation in this bill of the provision that a study is to be made for increasing Canadian participation. Why did they not wait until they had recommendations? Why set up a national economic council, with a major portion of its power being this, and then act in advance? I think it can be said now that this is the kind of advice that may have saved the government from the perpetration of the terrible errors that characterized its earlier resolution in this regard.

In so far as the bill is concerned, when compared with the bill we introduced, we find that the bill we introduced provided for study and report. It would have co-operated with regional agencies in the field of economic study and planning. The present bill deletes the words "study and report", and substitutes "advise and recommend." The present board would have powers to promote and organize in order to secure economic growth, and will carry on its programs until they can be transferred to other departments or agencies. In so far as those powers are concerned, they come perilously close to the centralized planning backed by the power to compel and direct.

In reading this bill in its entirety, taking the whole picture envisaged in its concept, one can only conclude this: Whatever the minister said and however definitely and frankly he suggests that there will be no coercion, this board is designed plainly as an agency to promote a planners' paradise for the Canadian economy. It is skillfully worded. The hon. gentleman smiles. That was his philosophy in 1960; that was his philosophy when he wrote the book. However, Mr. Speaker, experience is a great teacher and it may well be that in the light of even the experience of the last three months the hon. gentleman has learned that theory is often difficult to translate into effective action.

I have mentioned the attitude of the opposition last fall. They said they accepted the bill and then proceeded to dissect it. They argued; they postponed, and discussion went on from day to day. We do not intend to do that. In so far as the bill is concerned in having the objectives of the bill that we placed before parliament, it will receive our full support, but when we come to deal with some of the paragraphs and clauses we shall point out their effect and endeavour to bring about a change.

As to the portion that is actually a prototype of the powers of the National Productivity Council Act, it will receive our support, although I feel free to say that bringing together production, automation and productivity all under one board is going to be very difficult. Our attitude will be to do everything we can to make the bill effective in its operation while assuring the supremacy of parliament in the decisions that are made by the board, while maintaining the constitutional rights of the provinces strictly and absolutely, and while at the same time being entirely opposed to anything in the nature of a planned economy, however estimable the planners may be.

Mr. R. N. Thompson (Red Deer): Mr. Speaker, it is my intention to come directly to the bill before us which is concerned with setting up an economic council of Canada. In principle such an economic council is sound and it can serve a useful purpose. If it is set up properly it can be an effective instrument in reducing the severe tension existing among labour, management and government. However its success will depend largely on its terms of reference, and for this reason our debate at this time is most important.

There should be a national economic council to assist in maintaining the efficiency of the economy. I believe this is its basic purpose, and as such it must be an advisory group and not a policy making body.

Boards and councils are no panacea. As I read through this proposed legislation I can see that there is a possibility of real conflict with the work of the Atlantic development board. There are also some important points of similarity to last year's legislation which died on the order paper, and which we should examine closely.

Reading from an editorial in the *Globe and Mail* of June 11, 1963, written by Bruce Macdonald I find this:

> Like the economic development board, the economic council is directed to make to the minister an annual report, which is to be tabled in parliament. Unlike the board, the council has no authority to publish certain special studies without the consent of the minister.

This is an important point which the article makes, and it goes on to say:

> The only new feature in the bill relating to this question is laid down in these words: "The council shall, annually, prepare and cause to be published a review of medium and long term prospects and problems."
>
> While this may well be subject to interpretation, the council could well consider its freedom is sharply circumscribed by the lengthy list of subjects on which it is directed to report only to the government.

I believe a tone is indicated in this legislation which is dangerous, if the national economic council is to perform the functions which are urgently required at this time.

In many respects this bill overlaps and is similar to the legislation which set up the national productivity council and it, by the way, is being repealed by this bill, with the exception that there is a tendency to keep the control of the economic council in the hands of the government. This is not the type of thing which is needed if we are to assure ourselves that there will be that spirit of co-operation among labour, management and government which is necessary if the council is to accomplish its purpose.

There has been an aspect of the work of the national productivity council over the last couple of years which I believe is noteworthy, and which should be carried through in this legislation if the new economic council is to be of any real use.

Economic Council of Canada

The national productivity council has taken the lead in setting up, or assisting in the setting up of provincial and local councils. This is an aspect of its work which is very important. If the new council is to replace the national productivity council then we must make note of this feature.

Reading from the report of an address made by H. George DeYoung, chairman of the national productivity council at the fourth national labour-management seminar at the University of Montreal on May 15, I find this:

From our very beginning it was also readily apparent to the council that the establishment of provincial and local councils was a necessity if our goal of aiding the economy by improving its competitive ability were to be effective. Because Canada is Canada, no Ottawa based group will ever solve problems in the various provinces unilaterally.

The problems are different, the people are more geographically oriented than nationally and our type of work must eventually be done on the job, in factory and office, and on the farm. While we have been working to remove the fundamental roadblocks on a national scale—those imposed by law—of statistic and measurement data lack, and the greatest one of the climate for labour-management-government co-operation, we have been building toward the time when the local council would be the headliner. Steps were undertaken quickly to review with the provincial governments and representatives of labour and management the need for such provincial organizations. We found, interestingly that Quebec was already moving and indeed ahead of the rest of Canada in this aspect of forming a broadly based economic council. Action is also now under way to set up local councils in many industrial cities.

The formation of these productivity or economic councils in the provinces across Canada is proceeding well. Already, full formed councils are operational in Nova Scotia, New Brunswick, Quebec, Ontario and Saskatchewan—

And, since these words were spoken, in Alberta.

—while organizational efforts are at reasonably advanced stages in most of the other provinces. The success in the maritimes was advanced by the work of the Atlantic provinces economic council and is now highlighted by the signing of a management-labour manifesto of co-operation.

This quotation from the chairman of the national productivity council brings home to us the lesson that if the national economic council is to achieve its objectives it must not be too tightly controlled by the national government. It must extend its responsibility outward to both labour and management and to the provinces and the local areas as well. Otherwise we will have a repetition of the very thing which is happening now with regard to the municipal development and loan board. Here the central government has laid out the specifications and qualifications concerning the assistance which this particular legislation is meant to provide, but has run afoul of local autonomy and the local good will which is necessary if this project is to succeed. The lesson brought home to us here is simply that the whole question of planning and of industrial development must be co-ordinated in order to prevent the economy from rushing off madly in all directions.

The planning that industry and business needs is orderly and practical encouragement to expand. In principle a businessman can plan better for himself than can a bureaucrat in Ottawa acting on his behalf. Federal responsibilities include the co-ordinating aspect based on principles which have just been enunciated and which will encourage provincial responsibility and respect of provincial autonomy and rights while at the same time bringing about the federal-provincial co-operation we must have if such a council as this is to succeed. No one would want to take power or authority away from the government. What we want to do here is to add the wisdom of the economic community to that of the government in the decision-making process.

This brings us to consultant government, and this is one of the reasons why the recent budget has resulted in failure—simply because there was not that consultation with, or consideration of, those to whom the legislation would apply. We have seen the results and this should bring home the important principle I am talking about.

The other day I came across a booklet which is a digest of the report of the labour-management-government mission to Europe sponsored by the national productivity council. On page 9, I read this:

At the national level the consultative function in economic development is carried out through joint councils or bodies whose members, particularly from labour and management, represent the major interest involved in the economic life of the country. They make recommendations concerning common objectives of economic and social policy and the means for achieving the agreed objectives. They have not only a voice in the formulation of government economic and social policy but they must share some responsibility for its successful implementation.

I see in this piece of legislation a number of danger points. I shall not go over them in detail at this time because we are talking about the general principle of the bill, but they must be gone over carefully point by point when we come to the committee stage of our discussions. In this regard I should like to refer to a speech by Mr. J. Claude Hebert made in Halifax a short time ago entitled, "How Labour, Management and Government in Europe have United for Economic Growth". In the course of the speech to the Nova Scotia branch of the Canadian Manufacturers' Association, Mr. Hebert said this:

I am also convinced, as I have said, of the need for consultative bodies at national, provincial and

local levels. The national productivity council was a good start. It should be expanded or a larger body formed which unites with the council to conduct national economic studies with full consultation between labour, management and government. This is what is proving so highly effective in Europe. Such studies must also be repeated at provincial level and we now see a number of provinces developing economic councils.

Representatives of employer organizations and representatives of official trade unions must sit together along with government, finance and other groups to study the problems hindering economic growth. I say this because I am convinced that the running of our economy is too important to be left to governments alone or to political parties. Management and labour must be brought in on national and provincial policy making. It is too easy for a government, or a department of government, to become a world unto itself. They are not to blame,—it is just human nature. It happens in companies where a special department can become isolated from the real needs of a company. Many of you may have experienced this. We must bring all those involved in the economy into consultation before basic decisions are made which affect our business life.

Because this is the principle which has been followed in countries such as Sweden, West Germany, The Netherlands, Belgium and Great Britain, we see that councils similar to that proposed in this piece of legislation have achieved effective and desirable results—something we have not yet achieved in this country. This is probably one of the basic reasons why we are faced with our present difficulties.

The leader of the official opposition (Mr. Diefenbaker) has been speaking about the tremendous expansion of growth that took place last year. We must consider in this the increase in prices, and other factors which do not represent true economic growth, and average the position out over the last four or five years. If hon. members do that they will find an entirely different picture—not even enough progress to keep up with the expanding population and rising prices. For this reason the terms of reference of this new body are extremely important.

I wish to make a few closing remarks which summarize the basic principles involved in such legislation as this, if it is to reach the objective which hon. members hope it will attain. First I believe this council must be truly consultative in its functions. This means that labour, management, and all other aspects of our economy must be consulted at the decision making stage by the government in order that the government can decide on the right policy to take. Second then, as far as possible, the council must be able to act apart from politics. Since it is designed to work with both management and labour, as well as with government; since it is intended to co-operate with provincial governments and local councils, it is important that it should have complete freedom to make its findings known. In this legislation there are several points which appear to me to be restrictive in this regard because the responsibility of this council is not to the government alone but to the economy in general. Third, we must recognize that during the last two years there has been a tremendous amount of sound, solid work done by the national productivity council. This must be taken into account and used and incorporated into the work of the council we are now discussing. The national productivity council has played an important part in changing the class war in industry to a situation of co-operation between industry and labour. This is something which we as politicians, finding ourselves enclosed by these walls for far too much of the time, do not properly understand. I think that in the last few years there has been a much higher degree of co-operation, good will, and productive planning between labour and industry than we have ever had before. We should give the national productivity council a good deal of the credit for this, as it has brought the different aspects of our economy together.

Then, last, a further point I wish to make concerns research. We in Canada have perhaps not been sufficiently concerned about the importance of research as it applies to industry and, indeed, to all aspects of our economy. It is necessary that work on such programs be continued and expanded.

Another aspect of this bill which has disturbed me is to be found in the latter part of the legislation and it concerns finance. I find that the minister places the responsibility for financing the national economic council more or less in the hands of the government alone. I wonder how many of us here, including members of the government, know how much money has been spent in the last year by the national productivity council. I find that for the last fiscal year it amounted to $400,894. Where did this come from? One hundred and fifty thousand dollars came from the statutory allotment provided for the council. One hundred thousand dollars or so was carried over from the previous year when the council was just getting going and did not spend the whole of its allotment. About $86,000 came to the council as donations from industry and labour. This is the kind of co-operation we need. Nevertheless the present legislation is preventing the development of a situation of this type. Finally, $83,000 of the council's income came from matching grants. There are, it is true, a few other miscellaneous sources of income which go to make up the total; but what is important here is the spirit of co-operation which these accounts reflect. Yet this bill

actually eliminates the possibility of the kind of contribution which, in my view, is so necessary if this spirit of co-operation is to develop as it should.

It is therefore of great importance that the work of this economic council should be carried out on a continuing basis in collaboration with management and labour and other programs rather than that it should just evolve into a civil service operation. Good as such an operation might be, it would inevitably achieve only part of the end desired and certainly remove it far from its real objective.

This new council could be a sounding board for assessing how effectively other government programs operate or, indeed, a standard of comparison by which the programs of other governments such as provincial or local governments, in meeting the real needs which industry and labour encounter in their daily work can be assessed. Therefore, we give our wholehearted support to this legislation. There are weaknesses contained in it, but these can be discussed when we come to speak about the specific clauses involved. In principle this council has something which the economy of Canada needs—this is particularly true of the work that has been done by the national productivity council—provided it can be expanded and extended, as it needs to be at this time, and provided the basic principles to which I have referred are made the motivating force behind the council and its functions.

Mr. D. M. Fisher (Port Arthur): Mr. Speaker, following the previous speaker, who seemed to be above politics, I am going to try to get down to politics. This bill is—I know the minister who brought it in will forgive me for using a bit of a theological metaphor—hardly the bell, book and candle of the New Democratic party. But I notice he did give the blessing to this through a quotation from one of the letters of Pope John, in a religious sense. The New Democratic party economic theology has long dealt with, and our predecessors have certainly dealt with the idea of an economic council. The fact that this particular council is hardly, in its framework as specific in its responsibilities is no reason for our being destructive regarding it. We support the bill and we shall vote for it; but we are not hotly enthusiastic about it: you might say we are lukewarm.

I would like to say that with regard to the speech of the Leader of the Opposition I was almost bitterly disappointed in that, given the points that he made about the difficulties today, in any planning terms, in the need for provincial consultation; given the fact that he can point with a certain amount of derision to Premier Lesage and the municipal development loan fund; given the fact he can point to that great economist, the Minister of Finance (Mr. Gordon) and what has happened to him, with all those experts he brought in, the fact remains that the attempt the Leader of the Opposition seems to be involved in, is to somehow limn or detail the Liberal party, the present government, as being dedicated to some kind of bureaucratic planning that is going to menace the freedoms of this nation. This is a little bit too much to swallow. I am not saying this in defence of the government, but somehow we get almost the spectre that we have a Barry Goldwater or a Pat Walsh added to development in thinking on the part of the official opposition with regard to this kind of legislation, and this is really pushing it a bit far.

I would like to point out to the Leader of the Opposition that he introduced some legislation that some of us, if we wanted to raise this particular kind of ghosts, could get quite excited and worried about. I think the Conservative government, if it has any legislative legacy that a historian a decade or two from now will be looking back and trying to gild a bit, it will probably be ARDA. Can you think of any more general measure that has ever been brought here to give more power and planning and spending authority, which is almost removed from parliament? It is a good piece of legislation, and I think it is developing very nicely. So that the leader of a party so proud of that piece of legislation and the good effects it promises to have, and has already had, raising this terrible spectre of this bureaucratic menace across the way, is hard to take.

The Leader of the Opposition comes from the prairies where more than a generation ago the farmers became fed up with the whole play of the free market and free prices in terms of the grain trade. So they organized through political pressure a move which led to the taking away of wheat from any free market. There is nothing more planned and controlled, as is evidenced by the questions which roll from this side of the house from our prairie friends, than the whole grain market in the west; and for their leader, given that kind of background, to start worrying about economic planning at this date is incomprehensible to me.

I can give an example from the former prime minister's own program where some kind of economic analysis should appeal to him. The Conservative party is very proud of the Technical and Vocational Training Assistance Act which was passed a couple of years ago. This act has pumped millions of dollars into new construction, and one of the great arguments put forward by my Conservative

friends is that it gave a boost to the economy last year and things improved. When the minister of labour brought that legislation in he gave us an estimate of how much would be spent by the government on this project in ten years, and his economic analysis was so good that the federal government wound up, before the Conservatives went out of power, committing themselves in two and a half years to as much as they projected spending in ten years.

Some people may say that this shows what a wonderful measure it was, but surely it also shows how terribly badly off we are in terms of economic analysis. I was told the other day that the head of the economic research bureau of the Department of Labour happens to be a chartered accountant, and remembering what recently happened to another chartered accountant here, maybe that is the explanation for that poor analysis.

I should like to suggest that there is another way in which we can look at this economic council without raising all these terrible fears that this is a bureaucratic menace. The Glassco report—I know hon. members on the Conservative side have a certain amount of interest and even pride in this—in volume 3, in the section dealing with economic services, points out that the current level of expenditures can be described as modest, probably unduly so. That is referring to the economic analyses and the statistical services available to the federal government at the present time. The report goes on, in commenting on D.B.S.:

> The highly concentrated organization of statistical operations of the public service reflects a deliberate policy decision, taken 45 years ago, to create a centralized statistical agency, the dominion bureau of statistics. In contrast—

—and this is the point I want to make—

> —no specific policy has been enunciated with respect to economic analysis which developed, into an organized activity employing substantial staffs only during world war II.

Then the report goes on to indicate that at the present time economic analysis is concentrated largely in three places—the Department of Trade and Commerce, the Department of Agriculture and the Department of Labour. Surprisingly enough, the conclusion drawn by the Glassco commission is that the Department of Finance itself, which might be considered the key department, is remarkably short of people who can do economic analysis.

Under economic intelligence the Glassco report says:

> Some economists, perhaps best exemplified by those in the Bank of Canada and the departments of finance and trade and commerce, are engaged in general economic intelligence; they are constantly observing economic trends and developments, both national and international, which may have widespread significance for the whole Canadian economy.

Then it goes on to point out that in all these stages of working environments for economic analysts and statisticians there has been no great emphasis on economists and economic analysts in the federal civil service. There is no real need to fear the creation of a few more economists. The working environment, according to the Glassco report, contains this kind of situation:

> —in some departments senior administrators have only a cloudy conception of economic analysis, which usually results in an attitude of naive skepticism toward economics in general. The mere engagement of a number of economists is not particularly productive, if senior officials do not understand how these professionals can contribute to the work of the department.

This is a point I want to draw to the attention of the government in view of some of the later suggestions which I wish to make. The commissioner said:

> Your commissioners are satisfied that, having regard to the widely dispersed and varied needs for economic analysis in the public service, it would be impracticable to establish a central economic bureau which would second economists to departments and agencies in need of their services.
>
> However, the personnel division of the treasury board should maintain an active and continuous interest in the development of career opportunities for economists, as for other professional public servants.

And the report goes on to say how that can be done.

Then in order to make its point with regard to economic analysis, the Glassco commission went to the trouble of analysing the French, the British and the American experience. Since there seemed to be some more parallels between the U.S. president's council of economic advisers and this council which we have here, it might be worth while, I think, to make a few references to the president's council of economic advisers. The council publishes every year a report which goes to the president, and is associated with his report to congress on the economic state of the union. The intriguing thing about the economic council of advisers is its very wide acceptance on the American scene. I suppose it is really only a few people, like those in the John Birch society or Barry Goldwater, who worry about the council of economic advisers.

One of the former members of this council, Neil Jacoby, who was an academic economist working out of a California university, has made a number of points in connection with this council of economic advisers to which I should like to draw the attention of the minister. The minister has the problem of having 25 occasional members of the

board, if you want to put it that way, and three full time members. I think our experience with the board of broadcast governors and the C.B.C. indicates that having a trio of full time people and a congregation of so called interested parties across the country really has not worked very well, at least if we believe all the stories we have heard recently about the dichotomy of interests between the permanent members, who are the experts, and these occasional people who come in. In the United States the council of economic advisers is not saddled with a bunch of people who pretend to be representative. What you have is a chairman and two advisers. These three people have been in every case academicians, or academic economists. Or if you want to put it a little more broadly, they are people who are trained in economics and know something about it. I cannot think of anything more fatuous in some ways than to appoint three full-time people to this Canadian job who are not economists. You have men like George DeYoung, for example, who is not trained in economics and who obviously—here I differ very markedly with the leader of the Social Credit party—has been going around the country speaking to Rotary and chamber of commerce banquets and whipping up exhortations about the beauties of labour-management co-operation. He and the national productivity council never did get down to any real outline of our problems in the productivity area and they did not come up with a single economic study that will bear any kind of test of time except, I suppose, for the report on the trip to Europe which was the casually interesting sort of fact finding tour that had been made long ago by some of our academic and professional economists. The news that they brought back was only surprising, I suppose, to those people who limit their reading to a single newspaper.

The point I want to make in connection with the economic council that the President of the United States has is that these men do not go around the country exhorting businessmen or labour or anyone else. They play a full time role in economic analysis and they head a fairly large staff of experts who are partly drawn in on a temporary basis, as may be possible under this legislation, to do task force jobs in special fields. In other words, there is an interplay moving in and out. Here is the place where the business economist or the trade unionist economist functions rather, than in the top trio who in a sense are the top experts in their craft.

[Mr. Fisher.]

But one of the points that Mr. Jacoby makes is that it is a mistake if the members of the council represent different schools of economic thought. I can just imagine a council with John Deutsch as chairman and Lorne McDougall and Dr. Shrumm from British Columbia as members. You can just see the possibilities of conflict there, and a complete breakdown in this trio really getting things going. I want to suggest to the minister that the three permanent members should have a strong grounding in academic economics, that they should have the reputation of being professional economists and that some effort should be made to see that all three of them have generally the same economic approach. I hope it is not a pre-Keynesian approach such as the Minister of Finance (Mr. Gordon) introduced in his budget.

One of the other things I should like to note about the council in the United States is that as a result of the fact that the three of them are generally kept away from what seems to be a favorite activity in Canada, sending people up and down the country to exhort and to stump, they have time to concentrate upon really serious study, and the popularization of what they do comes later when their reports are published and particularly when the president, or in our case the ministry of the government, sets out to popularize and interpret their findings and indicators in a way that can be presented generally and publicly.

There is one feature about the United States set-up that is handy and I think it would be an improvement here. I refer to how long these people should be members of the council. I think they should only be in office at the pleasure of the government, because it seems to me that if, as is quite possible in the Canadian scene, we have a change of government these are three positions in particular that require people in them that will be sympathetic to the objectives of the government. I have grave doubts at the present time whether it is right that the board of broadcast governors should consist of the three personalities who are now there, in view of the fact that I know that on the part of some members of the government at least there is a certain distaste because of their background. I think that particularly in the case of economic analysis you need to have some kind of approach that is not antithetical. Just imagine the Leader of the Opposition being back in power, saddled with a couple of left wing economists and not being able to do anything about it. You can just see the difficulties that would arise. This is a point from the United States experience.

Mr. Pickersgill: He had the member for Qu'Appelle (Mr. Hamilton).

Mr. Fisher: Another point I should like to make with regard to the American experience is that the economists who are picked should have some experience and background in government organization. None of us can judge whether the so-called whiz kid, Stanley, from Toronto and these other fellows, are good economists, but it is quite apparent they do not know very much about government organization or the operations of the Department of National Revenue. In this sense it seems to me that what the government needs to be looking for in the permanent members are economists who have proved by their publications, their addresses, the courses that they teach and their associations that they have some conception of the federal framework of government, at the very least.

One thing that is quite apparent about the economic council of advisers in the United States is that as the years have gone by they have increasingly won the respect of congress itself. I think it is worth while noting this, because congress tends to be very suspicious of any group of advisers which is working primarily for the president. Of course, one of the reasons why congress has been won over to a degree is that the reports are made public and because the council acts as an integrating or co-ordinating authority for all kinds of economic research that is being carried on, including some that is being provided for congressional committees themselves.

One of the cliches that seem to come up in this house is that whenever our friends immediately next to this group mention the idea of money somebody always says, yes, go ahead and print it, and we get the idea of the printing press. Also, whenever we mention planning in our party somebody throws up his hands and says immediately, dictatorship, and we are heading in a terrible direction.

I should like to say something about the differences and distinctions that the minister drew between indicative and imperative planning. He did not give a complete or thorough review. In this sense it may be that the Leader of the Opposition has a point. The more economic tools we develop, which I suppose will be the chief function of the economic council, the more it becomes apparent that by using these economic tools, by shifting investment and providing incentives here and penalties there, you do move toward control of the economy, and whether it is going to be indicative planning or imperative planning is really a matter of mere semantics rather than any substantial difference.

I give this example, if hon. members will look at it. The Minister of Finance seems to feel that the most influential item of what still remains in his budget is the incentive to industries to establish in underdeveloped or slow developing economic areas of our country, because of the tax free period. This in essence is a nice, sweet form of incentive; but once you have the kind of economic analysis that leads you to know the whole pattern of possible incentives or penalties with regard to investment, direction of income and employment and the kind of training that people should have it almost becomes a question of playing on this economic machinery like an organ.

I do not think that anyone would say that A. A. Berle, the American economist, is dangerous or suspect or Marxist, in fact he is famous as an anti-Castro man. In his book "The American Economic Republic", he makes the point that we have in the United States a managed kind of economy, and that the argument between the so-called laissez faire types and the interventionist types is an unreal one. As we move more and more towards an understanding of the economic system, and such things as input and output tables, and begin to move down to detail about our whole national economy, the more it will become just a question of plugging in or plugging out or pressing here or pressing there. It will require a fairly complex system of penalties and incentives. We have many now, in a disorganized way.

Now, to say that we are moving towards this when we already have it in some fields is a platitude. When there is a big distinction made between so-called indicative planning and imperative planning, it is, it seems to me, nothing more than a piece of sophistry that may be instrumental in keeping the former prime minister off the Liberal government's back. I do not believe it should really deceive anybody.

Now, Mr. Speaker, the New Democratic party, if it could have the economic council of its dreams, would of course take something like this bill and then try to give the council power to frame, more specifically, the kind of measures that would be needed in order to respond to the economic indicators and the long range policies that the economic council recommend. One of the points to which we always need to return when we talk about economists, is to remember that they are not the gods of this world, and that economics is just a means by which each one of us, we hope, and our country, and the world will be made richer. In doing this, the society of today finds its motives and its ambitions, I

think, less and less in the marketplace and in the field of economics, and more and more outside of it.

The minister, in his analysis, made the point with which I agree, that because of the catch-up in post-war demand and the effect of the tremendous productive capacity that followed investments leading up into the mid-fifties, we have satisfied to quite an extent the main consumer needs in this country. I assume, although he did not say it, that going on from this we need to develop new or additional consumer needs. I suppose the grounds for this are going to develop in what we refer to as the technical and social fields, that is new needs in new equipment, in a better education and a deeper, richer life, if you want to put it that way, through cultural activities, through such things as centennials and an emphasis upon history.

This is really not the field of the economist. It seems to me this is the difficult role of the economic council. If it produces overmuch respect through its operation it may even dominate the climate of thinking in this country about what our goals should be. While it is all very well for us to emphasize the economic goals that our society should have, I think all of us today realize that there are many larger ones. This, in a sense, brings in a point made by the former prime minister regarding provincial jurisdictions and provincial problems. I mention this because so many of the provincial responsibilities are not primarily economic. They are educational and they are cultural. In that sense, they are ones which the federal government can never provide.

It seems to me that here is where any interplay needs to take place. It seems to me that the economic management of this country's economy can only be done at the federal level, with any kind of justice. I say this in denial of what some of our friends, including friends of our own party in Quebec seem to feel, that you can establish within the sovereignty of a single state some kind of viable economic system that could go on regardless of the over-all matrix of the economy in the rest of the country. But in the direction of the provincial needs, the economic council, and the members who come to it, it seems to me will be generally charged with the responsibility of translating both what the provinces need and what we need, socially and culturally, for the consideration of the full time people, so that they can better comprehend both what we express in parliament itself and what the needs of our economic system should be.

One of the points made by the leader of the Social Credit party I cannot help mentioning. He seemed to feel that the productivity council was well on its way to introducing a new period of harmony in management-labour relations. He seems to feel that this is going to be one of the great objectives of the economic council. I want to express right at this time a great scepticism that this is the role or can be the role of the economic council. It seems to me that we have not yet reached the stage, either in the sophistication or organization of Canadian labour union in any national way, when a national economic council could serve as any great instrument for better management-labour relations. It seems to me that is frustrated right off the bat by the division of labour responsibility, federally and provincially.

It is frustrated because of the differing character of so much of the Canadian labour movement, and the fact that the Canadian Labour Congress does not speak for the whole labour movement. I do not believe the congress would want to claim to speak for the whole labour movement. It is quite apparent from the way in which the Canadian Labour Congress has been moving in connection with the difficulties it has with some of its own membership, that we are not at the stage when we can say that, on the national level, we have a coherent labour group with coherent aims and with a single leadership that is prepared to speak for the whole labour movement within the framework of something like the economic council. They could advise, yes. I want to emphasize also that I feel the business community in Canada is really not much better off than the labour community in terms of really being able to express national intentions and wishes of the groups represented on this national economic council. I am not trying to be negative in giving these, in a sense, warnings.

It seems to me this may be important, however, because there may be a tremendous expectation that these 25 people who will be on this economic council, who will be selected to represent farm groups, labour groups and so on, are somehow or other going to give you a real economic forum on the national level that can do things. Well, Mr. Speaker, I do not think they can do them any better than we can do them here in parliament. As advisers, as interlocutors or in a sense liaison people with ideas on the situations out in the country, they can do a fine job. In time, if the economic council develops into the kind of organization and representation that some of these agencies parallel to it have in the United Kingdom, in France or in the United States, then I think it may be time to talk of a new period or a new opportunity in the field of management-labour relations on the national level.

The final remark I would like to make about the economic council is related to what I might say is the left wing or the radical bias that I hope still exists in our party. For years we have claimed, and we believe it, that economic planning is the tool by which Canada can achieve almost anything that it wants in the economic field. Now, when one goes that far you are of course usually asked to spell out in more detail just how this would work out, how it could be done, what would be some of the steps you would take, and what kind of agencies you would create.

Usually there is the spectre, raised by people who do not sympathize with our point of view, that our kind of operation would lead to a great deal of nationalization, and that in a sense we would take over very many industries. I would like to comment here that in his speech on the budget address, and on a number of other occasions, the leader of our party has shown in main outline the kind of steps we would take in the short term to get our economy going again, and in essence the very same principles and ideas would be the ones we would put forward and have advocated by any economic council we would create.

We think the economic council is likely to be a very sterile operation in terms of good or effective advice, if the three people selected for it are the kind of economists who believe in a laissez faire economy, who are afraid to detail a program that an effective government would be prepared to carry out, and which an ineffective government would hesitate in front of, because of the likelihood of causing a storm in one part of the community or another.

The New Democratic party sees this legislation as another very small step along a road that we think is inevitable for this country. We just wish it was a larger stride but we are not complaining about the fact that it is being taken; and later on, if we have the time, other speakers will deal with some of the more specific details.

I was intrigued that the Leader of the Social Credit party and the leader of the official opposition made the point that, as this discussion goes further and as we get into the clauses of the bill, they will, if I may use the metaphor, work like terriers shaking out each clause. We will be very interested in seeing what kind of amendments they present. We believe the bill as it stands is a fairly good one. It does not go as far as we would like, but we are satisfied with it as it is; and aside from possibly one or two small amendments or suggestions we feel the bill should be put into effect as quickly as possible; and we would hope it has very smooth sailing in the next hour or so.

Economic Council of Canada

Mr. J. C. Munro (Hamilton East): Mr. Speaker, I have found the debate on this particular piece of legislation very interesting, and I would like to comment first on the speech of the hon. member for Port Arthur (Mr. Fisher). I listened with considerable interest to his developing thoughts as he talked about the bill and I could not help but note the contrast, at least what I took as a very marked contrast, between his comments and those of the leader of his party and of the former member for York South when a bill of a more or less similar nature was debated last session.

As he talked about the inevitable trend towards planning, and as he indicated that the difference between indicative planning and imperative planning was almost a question of semnatics, I felt how much less dogmatic, almost doctrinaire, this type of talk seemed to that we used to hear from his leader and from the former member for York South. There seemed to be an encouraging absence of the old, traditional, socialist jargon and instead there seemed to be a markedly helpful attitude, and considerable promise.

I took from his remarks that, after he went through his analysis of this bill, he really liked it. I assumed he was speaking for his party, and he did not have much to add so far as the legislation itself is concerned. Indeed I almost got the feeling that if his party formed a government it would bring down similar legislation to this.

The only area that he seemed particularly concerned with, and I am not sure this pertains technically to the legislation itself, was the character of the appointees. If these men were not of a calibre that he would like then, according to him, the legislation would not achieve its ends. If, on the other hand, they were, then this legislation is fine.

As I say, this seems to me to be a marked contrast to the type of dissertation we heard with respect to this type of legislation last session. I thought for a while, when these preconditioned reflexes of the various parties were expressed in the house, as they are whenever legislation such as this comes up, that the right hon. Leader of the Opposition would come out with the usual more or less daily red herring about dominion-provincial relations and bureaucracy, and I thought he would probably come up with the old phrase that our front bench is loaded with civil servants and that we are going to impose terrible restrictions on the country. In fact he managed to cover most of his usual stamping ground pretty well. However, it is a well-worn path by now, while the hon. member for Port Arthur seemed to travel a little different and a little more refreshing route tonight.

I thought, after the rather massive attack on this type of legislation launched by the Leader of the Opposition, perhaps a little stronger rebuttal would come forth from hon. members to my right, but it did not seem to disturb them too much in listening to the Leader of the Opposition's lead-off speech. In fact there seemed to be a marked defence—and this is one disturbing area—for the Leader of the Opposition's position.

The hon. member for Port Arthur reminded him of his government's ARDA proposal, of their Technical and Vocational Training Assistance Act, of the Glassco commission recommendations in which they took considerable pride, and pretty well tried to point out that the Conservative party under previous leadership, as I took it from the conclusion of his remarks, were really quite a progressive lot. This may be somewhat surprising, but I have always suspected that there was, more or less, a mutual trust and understanding between our hon. friends of the New Democratic party and the Conservative party, and this becomes more evident the longer I sit in the house.

I think this mutual trust comes from the fact, not that they agree but that they both have marked out and well staked ground. Each knows the limits of the other. Both are quite prepared to let each party solely occupy that ground, and there is really no invasion expected by either one; so that this leads to mutual trust and understanding. I think perhaps this mutual trust and understanding can lead to the rather laudatory remarks that we heard this evening from the deputy leader. It makes me recall the headlines regarding the speeches made during the election campaign. It seemed that the only political party which aroused the anger and frustration of our friends of the New Democratic party was the Liberal party. Really the Conservative party was more or less a secondary thought. Of course, the Conservatives were completely preoccupied with the Liberal party, almost to the exclusion of the New Democratic party, and it made me think—

Some hon. Members: Hear, hear.

Mr. Fane: That will be the day.

Mr. Munro: It made me think of the ever increasing tendency of these parties which have preconditioned reflexes to new ideas, because they usually follow a stereotyped pattern; they both have their own well staked out ground, and they have a horrible suspicion of a party which accommodates itself to changing conditions and times. They have this suspicion of our party, that I think can really trace its rather phenomenal success electorally in this country over the decades to being a party that is capable to a very ready degree of accommodating itself to ideas as they develop.

Mr. Prittie: Which party is that?

Mr. Munro: I am speaking of the Liberal party. As these ideas develop and as a political party tries to analyse whether they are effective or not and tries to take some responsibility for implementing them, a certain portion of an idea may fall into one of these well staked out areas which have been trampled for several decades by the two parties over there. Of course, this immediately sets in a reaction of anger and frustration, that we should develop such an idea. I cannot help but notice this ever increasing trend.

I think the hon. member for Port Arthur (Mr. Fisher)—although I was most interested in his speech, as I say—was disappointing in this respect. I thought he would have retaliated in stronger fashion, and frankly he surprised me. I recall reading one of his articles in the *Telegram*, the article being headed "Why I gunned for Walter Gordon".

Mr. Fisher: I am always glad to meet my readers.

Mr. Munro: I could not help thinking, at the time I read it—this was when he raised the question that started this "whiz kid" debate—that really he did not get much publicity out of it; other stalwarts of his party more or less took over. This certainly points out the advantages of being a journalist and part time member. If you feel that certain of your—

Mr. Fisher: Keep buying that paper.

Mr. Munro: —most wise and sharp political manoeuvres are going unnoticed, you can always write your own column about them. I think perhaps a good title for an article now, after listening to the hon. member's speech, would be, "Why I shot blanks at John Diefenbaker". At any rate, I think that legislation such as this is most progressive. It is certainly in line with the policies we on this side of the house have advocated since 1958.

It was interesting to hear the Leader of the Opposition (Mr. Diefenbaker) talk about the Liberal party in this regard. Again, there was an essential contradiction in his speech. In one breath he talked about how we had stolen the idea from him because he had brought in a bill similar to this during the last session, and in the next breath he started to warn us against the dire danger we face from bureaucratic trends which will automatically set in as a result of the passage of a bill such as this. It was difficult to ascertain whether he was for or against this type of legislation.

Mr. Macdonald: He has not made up his mind yet.

Mr. Munro: The speech of the Leader of the Opposition was more or less a partisan, political speech; political junk, you could almost call it. He threw in everything but a learned treatise on the traditional approach of the Conservative party on matters encompassed in legislation such as this. Therefore I take it, when he has to resort to a speech of the type he has just delivered in this house, that perhaps the Conservative party no longer embraces the traditional approach to boards such as this, which in a way are inevitably going to intervene in the free play of our economic forces. So we can take it the Conservative party has changed their position. Their position is not defined to the degree where the Leader of the Opposition wants to take any definite stand. He has to resort, again, to this path that was so well trod before the last election.

I cannot help but refer to a few of his observations. He talked about the Liberal party regarding legislation of this kind as a vehicle to solve all problems. That was misinterpretation in which it is usual for the Leader of the Opposition to indulge, because this certainly was at no time mentioned by the minister when he spoke in introducing this legislation. We at no time have held this out as any panacea for the cure of all our economic problems. So this, again, was a figment of the imagination of the Leader of the Opposition.

I have referred to the fact that the Leader of the Opposition said we stole this legislation. This is usually the lament we hear from our friends in the far corner.

An hon. Member: That is true.

Mr. Munro: But apparently this is another more or less common stamping ground that they do not mind each other travelling, and they recognize each other's proprietary rights to walk the path without interference. This would indicate, perhaps, how ready we are to accommodate ourselves to ideas without too much concern as to who has the particular ownership of such ideas. The Leader of the Opposition talked about the audacious action that was mentioned by the minister who introduced this legislation, and he referred to the budget. I could not help feeling that the Leader of the Opposition was using this occasion to really launch another attack on the budget.

Mr. Orlikow: You would rather forget about it.

Mr. Munro: He no doubt thinks this is politically fertile ground to cultivate, and no doubt on every opportunity until the recess comes along this matter will be raised. In every debate there will technically be some relevance to the matter before us but as far as the substance is concerned they will inevitably come back to the budget. I think it can be said now—and I as a member am more than pleased to say—that as far as the budget is concerned, I think it envisaged much audacious action, audacious action that was noticeably lacking all during the last administration.

Mr. Orlikow: Not now.

Mr. Munro: I do think it still contains many proposals of an advantageous nature and it certainly does contain the characteristic of audacity. I do not think that we in the Liberal party have anything to be ashamed of with respect to this budget. If we allow ourselves to be convinced by the remarks of hon. members opposite we would have to retreat to a position such as this country has come to expect—a minister of finance who would follow a cautious road—the last thing that we in this country need. Certainly those who support the New Democratic party have never advocated a conventional course. There were proposals in this budget of a more or less revolutionary nature—and one does not have to be very revolutionary in this country; we are so cautious in matters of this kind that the slightest change involves, almost, a complete upheaval.

As far as many members of this party are concerned, I think the Minister of Finance rates a great deal of credit for the proposals in this budget.

Some hon. Members: Which ones.

Mr. Munro: I think we are all prepared to go to the people with respect to the proposals contained in this budget any time.

Some hon. Members: Oh, oh.

Mr. Deputy Speaker: I would remind the hon. member that if he intends to discuss the budget his remarks should be related as closely as possible to the bill under consideration.

Mr. Munro: I cannot help thinking that the Leader of the Opposition did not stick too closely to the terms of this particular bill. I suppose we can now conclude quickly because, as one member of this house, I hate to regurgitate material which was well chewed in the last parliament with respect to legislation such as this. I expect we shall hear it all in the next day or two. The Conservatives, on the one hand, will accuse us of trying to discourage initiative, of introducing creeping socialism. There will be dire warnings that we intend to push people

around; that we are going to set up some bureaucratic form of control which will take away the fundamental rights of the people. On the other hand, we will surely hear from our friends who sit in the far right corner, as we have heard before, that we have hooked their idea—an idea which only they are capable of implementing with sincerity—and they usually seem to infer that they have a sole and special interest in that virtue. And I suppose, when all the speeches are over, we shall pass this legislation, having loaded the pages of *Hansard* with the same jargon as we talked last session.

I think, though, there are a couple of issues with regard to this legislation which are disturbing. Even if it is passed—and I expect it will be—I cannot help wondering whether any of the recommendations which would be made by this board will be implemented. Even if the recommendations and advice given by the council are such that they could be of considerable assistance to this country I cannot help wondering whether the action which this council will probably suggest would ever be implemented. I think there are related factors in this country over which this particular parliament has no power—factors which cast considerable doubt on the outcome of this measure. Chief among them is the degree of sectional interest which has assumed an alarming influence in our economy. Our political parties are now orientated almost entirely on the basis of sectional interest. Their platforms are orientated almost entirely on the basis of sectional considerations.

Mr. Herridge: Did the hon. member say, "sectional"?

Mr. Munro: I would say that as long as the areas from which we come, and the particular prejudices of those areas, form so prominent a part of the thinking of our political parties it is doubtful whether legislation, however meritorious, which may be recommended by this particular board could ever be passed. Certainly it would never be passed, judging by the behaviour which can be observed in this parliament. We talk about what we hope this bill will mean. We hope it will result in some type of direction to this country which will be superior to what I think we are all prepared to acknowledge has been the haphazard development of our natural resources and investment possibilities, while these were left exclusively in the hands of private interest. I am sure we all hope this board will encourage a more orderly and progressive trend in the development of our natural resources and of investment both private and public. That is what we hope. Whether our parliament and our country, being what it is intrinsically, has developed to a degree which could even match a development such as that would be surprising to me, and I hate to be a cynic. I think that the machinery for the implementation of recommendations which may be made by this board leaves much to be questioned. No doubt some of them will be considered by the cabinet, but many of them will be considered in this house and judging by the tendency of our political parties to talk in terms of partisan advantage every day—and the rules, such as they are, permit it—they will not get very far. This more or less archaic institution we have here which almost stifles and grinds to a halt every type of progressive action, seems to me to be an outworn obstacle in the way of a cure to unemployment and the orderly development of our natural resources generally.

An hon. Member: Let us pass this now and talk afterwards.

Mr. Munro: Perhaps we can pass it quickly and get on to other items on the order paper which will to a far greater degree assist in implementing the objects of legislation such as this.

Mr. Knowles: May I ask the hon. member a question? Would he tell us what he thinks of the principle of the bill he has been discussing?

Mr. Munro: The hon. member knows I have already said I think it will promote and encourage private industry and private capital into a more orderly and progressive development of our natural resources and investment generally. I also think it will lead, in the public sector, to a more equitable development of our natural resources and of our secondary industry. I think I covered all this in my remarks. I think it will all be repeated on numerous occasions in the next few days, until even the hon. member for Winnipeg South Centre understands the purpose of this legislation.

Mr. Churchill: Mr. Speaker, a serious error has occurred here. It is the hon. member for Winnipeg North Centre (Mr. Knowles) who fails to understand.

Mr. Munro: I am sorry. I think I should ask the forgiveness of the hon. member for Winnipeg South Centre (Mr. Churchill).

Mr. Heward Grafftey (Brome-Missisquoi): Mr. Speaker, it seems more than passing strange to me that on the first day of the second reading of this bill hon. members opposite have the presumption and impertinence to say that we should get on immediately with the business of the house. I am sure that the Secretary of State (Mr. Pickersgill) who

is the house leader, has not even consulted his party. He knows full well our intentions about getting on with the business of this house. The hon. member who has just spoken suggested that there was great similarity between this bill and the one discussed in the last parliament. Mr. Speaker, they discussed our bill for seven days and never even began to pass it, and the hon. member has the gall to come into this house and speak in that way. I would say that this is absolutely ludicrous.

Some hon. Members: Oh, oh.

Mr. Grafftey: I feel that this matter should be aired very briefly.

I was very interested in the remarks of the hon. member for Port Arthur (Mr. Fisher) who said that we seemed to be preoccupied with certain aspects of the legislation before us when we initiated the ARDA legislation some months ago. Let me point out to hon. members one of the essential differences readily apparent to us. Within the centre of ARDA we saw at all times the principle of local participation, local ideas and local initiative. What we are pointing out to hon. members at the present time is that if the thinkers who seem to be guiding the government have their way, the council under discussion will have their planning ideas superimposed by them from the top. This is the fear we have and it is what we are bringing to the attention of hon. members and the Canadian people.

This was one point the hon. member for Port Arthur obviously failed to realize. He pointed out that we initiated winter works legislation, while we have been talking about the municipal loan fund legislation. The leader of my party in this house pointed out one essential difference, which was quite simple. When the minister of labour consulted the provinces it was just a simple case of consultation. Hon. members opposite did not even bother to preoccupy themselves with the courtesy of consulting with the provinces. Mr. Speaker, although like many hon. members present I have a great respect for those who come from the halls of learning, after listening to the President of the Privy Council (Mr. Lamontagne) and the hon. member for Port Arthur (Mr. Fisher) I am more convinced than ever that this chamber is essentially a debating chamber and not a lecture hall.

The Secretary of State (Mr. Pickersgill) made an interjection in connection with the party to my left about left-wing economists. We have in our party the hon. member for Qu'Appelle (Mr. Hamilton) who was the minister of agriculture of the former administration. We were proud to have him, Mr. Speaker, because the hon. member for Qu'Appelle, who was a great minister of agriculture, showed that Conservatism does have a dynamic attitude toward the future. As this debate gets under way we become convinced of one thing. We look at the Minister of Justice (Mr. Chevrier) with his Dixiecrat attitude towards Canada and the economy in general. We also cannot help realizing that going through the veins of the Secretary of State is still that doctrinal mysticism of Liberalism.

An hon. Member: Get up on your feet.

Mr. Grafftey: Then you listen to the theory expounded in this house this afternoon by the President of the Privy Council, ideas which are at the forefront—

Mr. Deputy Speaker: Order, please.

Mr. Grafftey: The President of the Privy Council enunciated ideas which control the Liberal party today. We realize that the Grit bed is a large, pragmatic bed and there is room for everybody in it.

Mr. Deputy Speaker: There is a murmur of interruption and conversation coming from both sides of the house which makes it very difficult for the Chair to follow the very interesting remarks of the hon. gentleman who has the floor. I would ask the assistance and co-operation of all hon. members in allowing the Chair to follow his remarks.

Mr. Grafftey: Mr. Speaker, since the first time I spoke in this house somehow or other I have had to get used to lots of noise and interruption from the other side. I will not suggest that my skin is thick, but day by day I am getting used to it.

As we peruse this legislation before us for second reading we become aware of the fact that memories are very short. When we brought similar legislation before this house in the last parliament we were criticized for creating what hon. gentlemen opposite at that time called an agency of the government. They said that this just was not the thing to do. Let me point out that in debating this bill on second reading we are discussing the principle of a planning agency. We were criticized for creating an agency when in fact what we were setting up in the last parliament was an independent commission of government. Now hon. members opposite go ahead and create an agency themselves.

I should like to point out that the change in those who hold the reins of office has resulted in a change of attitude in this instance, and we on this side of the house would like to know why there has been a change of attitude. The leader of my party said that we had legislation passed in this house with regard to a productivity council. After seven days of debate Bill No. C-87,

to create a national economic development board, was nowhere near being passed. Hon. members opposite are going to be put to great pains to show in the clauses of this bill wherein lies the difference between their bill and our bill. On the other hand, we are certainly going to point out what we think will be a great difference in attitude with respect to this bill. They are going to be put to very great pains to tell the people of Canada why this bill has been introduced, when the last government introduced a similar bill which hon. members opposite decided after seven days of debate not to pass. So much for the agency aspect involved in the principle of this bill.

Now let us talk for a brief moment about planning. We in this House of Commons have learned in the last few weeks that very often the planners, after many days of decision, have to occupy themselves with many days of revision. Hon. members opposite in years gone by have told us not to worry about the plans they had for the Canadian people. The Canadian people saw many of their plans in the years before we formed the government. They saw the plans of a government which often thought it was working on the same plane with the deity, and was just going to tell all of us what was good for us whether or not we wanted it. The Canadian people do not want this kind of planning, which is essentially alien to the Canadian spirit.

An hon. Member: They did not seem to want yours either.

Mr. Grafftey: I am sure that many members of the house have read a book from the United Kingdom entitled "Ordeal By Planning". We heard a lot for many years about the misfortunes of planning on the part of the labour government there. Members to my left in the house no longer even mention the word nationalization. I am sure that the leader of the New Democratic party, after his experience with nationalization in Saskatchewan, is not going to take even minutes to talk about planning in this sense. We have seen the experience with planning in the United Kingdom and in the province of Saskatchewan, and Canadians and people throughout the western world are becoming fundamentally realistic in their attitude toward it.

Perhaps it is not a parliamentary word but we have heard a lot of gobbledygook perpetrated in the name of mystical planning. Robert Burns himself said:

> The best laid schemes o' mice and men
> Gang aft agley.

Sir, we have heard a lot of real mysticism, real fervour, in the discussion of planning.

We have heard about indicative planning, imperative planning, planning for planning's sake. What the Canadian people are worried about is planning for planning's sake. If the President of the Privy Council would get up in the house and tell his own party and the people of Canada exactly what planning he really has in mind, and he knows what he has in mind, he would soon hear what the Canadian people think about this type of planning.

I do not want to become too rustic in my phrases or explanations but I think that each member of the house, when he or she was young was told to "plan your work and work your plan." Every businessman, every farmer, everybody who keeps books knows all about that. Every farmer who runs a successful farming operation, every businessman who is running a successful business operation, every politician who has run a successful election campaign knows that you have to plan. All I say to hon. members such as the hon. member for Port Arthur (Mr. Fisher) and the President of the Privy Council is: Please, in the name of goodness do not lecture us; do not talk down to us in such professional tones and envelop the word planning with such great mysticism.

I simply ask the President of the Privy Council to tell us in clearcut terms as this debate proceeds what he means by planning. If he makes a clearcut statement to the house and to the Canadian people we will see that with members of the treasury benches such as the Minister of Finance (Mr. Gordon), who perpetrated on the Canadian people the worst budget in the history of the nation, he is talking about planning for planning's sake. He is talking about a philosophy which is completely alien to the spirit of the Canadian people. I know that the hon. member for Port Arthur is either going to write a news column or say on the floor of the house at a future time—

Mr. Fisher: Just keep reading it.

Mr. Grafftey: —that I sound like Barry Goldwater—

Some hon. Members: Oh, oh.

Mr. Grafftey: —when I say that one of the dynamic principles at the centre of the party I support in this house—

An hon. Member: Herbert Hoover.

Mr. Grafftey: —is a sincere preoccupation with the rights of the individual. We do not talk one thing and do another. In the case of every piece of legislation brought to the floor of the House of Commons by our administration, the rights and the dignity of the individual were foremost in the minds of our government. I suggest that unless

members opposite do a much better job than they have up to now either in their party literature or on the floor of the house in explaining in clearcut, direct terms to the Canadian people what they mean by planning, the Canadian people will suspect that they are going to return to the pre-1956-57 days when the Liberal party thought the state existed not for the individual, but that the individual existed for the state.

An hon. Member: You were a Liberal in those years.

Mr. Grafftey: I was a Liberal in those years and I am sure hon. members opposite would not like to know tonight why I changed.

An hon. Member: Go ahead.

Mr. Grafftey: I changed parties and I am not going into the reasons tonight because hon. members opposite do not like to hear why. You may think that hon. members are noisy, Mr. Speaker, but if I told them why it would fairly lift the roof. They do not like to be told about their divide and rule policies.

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

Mr. Grafftey: Certainly.

Mr. Fisher: He brought up the question of why he left the Liberal party. I want to give him the opportunity to deny a rumour and I will put it in question form. Would the hon. member say whether he left the Liberal party because he failed to get an appointment?

Mr. Grafftey: Mr. Speaker, I have always considered the hon. member for Port Arthur (Mr. Fisher) a personal friend of mine outside the house, and I do not think that question was worthy of him. I would deny it completely. I deny that suggestion and I really think—

An hon. Member: Yes or no.

Mr. Grafftey: No, unequivocally.

Mr. Clancy: On a point of order, Mr. Speaker, I think the hon. member for Port Arthur should withdraw that question right now. He should know by now that it is not according to the rules to impugn the honesty of another member.

The Acting Speaker (Mr. Batten): Order. I think we are drifting away from the purpose of the legislation and I would suggest to hon. members on this side of the house that they allow the hon. member to proceed without too much interruption.

Mr. Clancy: On a question of privilege, Mr. Speaker, no member of this house has the right—

Mr. Habel: To ask a question?

Mr. Clancy: —to impugn the honesty of another member.

Mr. Fisher: On a question of privilege, Mr. Speaker, I imputed no dishonesty.

Mr. Aiken: Mr. Speaker, on the point that has been raised, I think that surely there ought to be some order in the house this evening. Those of us who have been associated for five years with the hon. member who is speaking know that he sincerely left the Liberal party because of his beliefs, and for no other reason.

The Acting Speaker (Mr. Batten): Order. We are now discussing the establishment of an economic council for Canada. The hon. member for Brome-Missisquoi.

Mr. Grafftey: Mr. Speaker, having listened to the President of the Privy Council and the hon. lady from Northumberland explain her collectivist theory, I think that even if this legislation seems similar to the legislation we brought before this House of Commons, the people should be made aware of the differences in attitude in our party and the party opposite to bills of this nature.

An hon. Member: We are well aware of it.

Mr. Grafftey: You know, sir, when I hear interruptions as I do from hon. members opposite I am reminded of the fact that, as everyone in this house regardless of party knows, this is a pretty rough game we are in in Canada, no matter what happens. Members like the member for St. Jean-Iberville-Napierville (Mr. Dupuis) do not make public life any easier for any member. I suggest that he clean out his mouth.

Some hon. Members: Oh, oh.

Mr. Grafftey: I am not annoyed, Mr. Speaker, but cheap interruptions—I think the hon. Secretary of State (Mr. Pickersgill) recognizes this—are not worthy of hon. members opposite or of this house in general. If you have an interruption of substance and intelligence to make, then make it and I will sit down. I will try to answer your questions. Your interruptions are not even appreciated by the members of your own party, the intelligent ones.

I suggest again, sir, that we scrutinize this legislation and that we scrutinize the attitude of hon. members opposite towards it to make sure that this nation, once again, will not be burdened with this notion of planning for the sake of planning. We hope, as most hon. members hope and most Canadians hope that this measure will not mean direction and regimentation which is so alien to the Canadian spirit, the kind of direction and

regimentation that was superimposed on this nation before 1957. We hope it will not mean interference with individual initiative.

The hon. member for Port Arthur might say again that I sound like Barry Goldwater. I am not afraid to get up on my feet in this House of Commons and state that the party I support believes that individual initiative, individual dignity still means something in 1963. There are many Canadians from coast to coast who believe that they can make their own way in life, naturally depending to a great extent on government, but not sharing in the collectivist views of the hon. lady from Northumberland or the views expounded by the President of the Privy Council in his book and on the floor of this House of Commons.

I agree fundamentally with most hon. members that no longer can we validly become involved in the old classical debate of free enterprise versus complete state control. We all recognize that this is no longer a valid debate in 1963. I am sorry if I seem to be underlining this fact again and again in my speech, but I believe it does bear repetition. While we should not get involved in this classical debate of free enterprise versus state control I think it is a very valid consideration for hon. members in this chamber, especially when government, whether we like it or not, is getting bigger and bigger, to do some honest, sincere thinking about individual dignity and the rights and freedom of the individual. This is especially true when we are talking about a bill of the basic importance of the one which is before us tonight.

Again, I appeal to the treasury benches opposite, to hon. members opposite, that if this bill is going to have any long or short term effects they must make it readily intelligible to the individual, if it is going to have any meaning at all in pushing our economy forward. In so far as this notion of planning is concerned, let me simply say this, and I think it is perhaps a truism, that we in Canada should be extremely proud of one of the greatest civil services in the western world. It has been my opinion, and I say this in a non-partisan way because I understand that when hon. members opposite did this they did it in a sincere way, that when the Liberal party forms a government they often tend to give the civil service jobs to do that they should not have to do, and which they often do not want to do. I said in another debate that Haldane said justice must not only be just, but it must be seen to be just. This is, in essence what he said. I refer to this because an administration which is made up of nine ex-senior bureaucrats must spell out in detail what it means by planning if it is not going to be held suspect by the Canadian people from coast to coast.

Now, sir, the last principle that is involved in this bill and which I should like to discuss on second reading relates to the notion of consultation, which is a central principle in the bill. I am glad that hon. members opposite realize the necessity for consultation. I thought they were going to get off to a good start when I listened to the throne speech. They talked about co-operative federalism. All of us on this side of the house know that co-operative federalism denotes a high degree of consultation with the provinces.

Well, what has happened so far, Mr. Speaker?

One of the basic reasons that the whole economic policy of this government is floundering on the rocks is the lack of consultation. The Minister of Finance did not consult his officials; he consulted three experts outside his department. We have seen what happened to the budget as a result of lack of consultation. The Minister of Finance, and the members on the treasury benches, forgot to consult the provinces regarding the central aspect of their short term economic program. The Minister of Finance went on television, then he came to the floor of this house, and he said the municipal loan fund legislation was the key short term measure of their economic program to stimulate the economy. It would make jobs available immediately, he said. Before we announced the municipal winter works program, we consulted the provinces. What has happened? The whole short term program of the government is floundering because of lack of consultation. The budget floundered because of lack of consultation. I put questions to the Minister of Labour (Mr. MacEachen) whether he consulted with the Minister of Finance regarding exemptions on building materials when he said there would be a $500 bonus given to people building houses in the winter months. We find that even members of the cabinet are not consulting each other, but I am glad that finally in this bill they realize the importance of the principle of consultation. Consultation often involves nothing more than courtesy.

I am not going to inform the house tonight whether I am taking the centralizing point of view or whether I am arguing for provincial rights. That is absolutely immaterial. But I can say that in 1963, things being what they are in this federal union of ours called Canada, no matter how much centralization the Minister of Finance advocates, I hope before he convinces the cabinet that certain legislation is good for the short term, someone, possibly a minister from Quebec or possibly

a minister from British Columbia, or any other province will tell him that consulting with the provinces, even by telephone occasionally, is a very handy thing to do.

The throne speech spoke of co-operative federalism and consultation. By their fruits ye shall know them; and I hope that the notion of consultation in this bill will really mean something. Just the other day the Prime Minister told the Canadian people his government wanted to get on immediately with the municipal loan fund legislation; but the President of the Privy Council, outside of this house, announced that we were in no hurry, that Mr. Lesage is correct and that we are going to wait. It seems to me that the centralizers do not consult those who believe in co-operative federalism in this new cabinet.

One of the real problems, and I regard it in a very optimistic nature, facing Canada today involves federal-provincial relations. Every Canadian of good will, no matter what party he belongs to, hopes that before 1967 many of the basic problems involving federal-provincial relations will be solved so that our centenary will be a true celebration for all Canadians from coast to coast.

Mr. Pickersgill: Someone should ask what bill the hon. member is speaking on.

Mr. Grafftey: I do not think any Canadian will take heart in seeing federal-provincial relations bog down.

The Secretary of State asked me what bill I am speaking on. I would like to suggest to him that without proper consultation with the provinces there can be no success for much legislation, and I would ask hon. members opposite, on this 11th day of July, 1963, whether they have consulted with the provinces relating to this very bill before us; because surely by now they have learned their lesson, that their whole short-term economic program is on the rocks because they did not consult? I am only saying I hope they are going to take seriously the principle of consultation written in this bill.

Mr. Nowlan: It is our bill.

Mr. Grafftey: The hon. member for Digby-Annapolis-Kings tells the truth when he says it is our bill. It is, as I explained a number of minutes ago.

Mr. Pickersgill: May I ask the hon. gentleman a question?

Mr. Grafftey: Yes.

Mr. Pickersgill: Did the hon. gentleman's friends consult the provinces before they introduced what he now says is their bill?

Mr. Grafftey: Mr. Speaker, I am going to give a frank, forthright answer. I would be glad to speak to the members of my party involved and then inform my hon. friend of that. I would just like to draw attention to one of the suggestions put forward by the leader of the party I support. He mentioned the fact that, while he was not in agreement in detail with the bill, it has become obvious that some sort of organ is necessary in order to expedite proper federal-provincial relations. He pointed to the happy experience that we have had in relation to national resources. Members of all parties should take a very constructive attitude towards this question if we want to live in the type of Canada that I want to live in, and that I am sure all other hon. members want to live in in the years to come.

In closing I would like to say that hon. members opposite, be they on the treasury benches, or ordinary members supporting the government, have a direct obligation to explain to the Canadian people what they mean by planning. The Canadian people want to know whether it means planning for planning's sake, or direction and regimentation, which is so alien to the Canadian spirit. They have this obligation and they will not fulfil it by long professional discourses in this house.

I have a great respect for the halls of learning, but this is a debating chamber, and within the confines of it we want to know their attitude towards planning; and so do the people of Canada. We want to know if they have respect for individual initiative and the freedom that all people have in countries that want to live in freedom. It is an important thing to talk about and an important matter to which real consideration should be given.

Miss Pauline Jewett (Northumberland): Mr. Speaker, in the minute left to me I want to say I have not had such an entertaining evening since I entered the house, particularly of course the last half hour, and indeed I want to thank the hon. member for Brome-Missisquoi (Mr. Grafftey) for giving me this entertainment.

I am glad in a way that it is almost ten o'clock because I want to give the hon. member who has just spoken a copy of Bill C-72. I would be extremely grateful if he would read it, because I would like very much on behalf of this party to discuss the bill on Monday—which I suppose will be the next day we will be talking about it—and I think it would be very helpful if he and some other members had copies of it.

I do not mean to sound professorial when I say that. I got all those cracks; I know they were intended for the minister, too. I do not want to have the hon. member think I am becoming professorial, but it helps debate

enormously in this chamber if we read bills, if we think about them, and if we know what is in them.

Mr. Martineau: Would the hon. lady permit a question before 10 o'clock?

Miss Jewett: I am afraid it is 10 o'clock.

Mr. Martineau: Would she also send a copy of the bill to her colleague from Hamilton East?

FINANCE

APPROVAL OF CERTAIN AUTHORIZED EXPENDITURES FOR FISCAL YEAR 1962-1963

Mr. Pickersgill: Mr. Speaker, I wonder if I could have the unanimous consent of the house to revert to government notices of motions for the purpose of advancing, on behalf of the Minister of Finance, the motion that appears in his name relating to the appropriation bill for the previous fiscal year. This is only a formal step that would put it under government orders tomorrow. There was an understanding that, if that were done, we would call it before going into committee of supply tomorrow, so that there might be an opportunity of having the bill introduced and given first reading, so that it would be available to hon. members over the week end for the purposes of debate on second reading on Monday. If there would be agreement to do this I would ask Your Honour to put the motion.

Hon. Gordon Churchill (Winnipeg South Centre): Mr. Speaker, we are quite agreeable to this proposal. Do I understand that the bill, if passed quickly tomorrow—which we would do, without debating the resolution—would be in our hands tomorrow?

Mr. Pickersgill: It is my understanding, sir, that the bill is—

Mr. Churchill: Printed?

Mr. Pickersgill: —printed. It might take a little time for distribution because it is rather voluminous. There will also be a report on supply which will be tabled at the beginning of the sitting tomorrow, which I believe contains the same details as the bill. But we are anxious to have all the documentation in the hands of hon. members for the debate on Monday.

Hon. George C. Nowlan (Digby-Annapolis-Kings): Mr. Speaker, perhaps I could say a word or two in connection with the suggestion of the house leader. I certainly concur with what he suggested. I assume that the bill will be available to us tomorrow, and not in the mail box on Saturday, after we have passed the resolution. Hon. members realize full well that this resolution embodies a discussion of financial expenditures made over the past year and it would be open to the committee dealing with the resolution to deal with it in an hour, or a day, or a month and ask a great many questions in connection with it.

The only qualification I would make to the agreement which has been made is that after second reading it does not necessarily follow—it may, but it does not necessarily follow—that we will go into committee and deal with the committee stage forthwith, because we may need to ask more questions and we may require some time in order to ascertain the detail which we would have ascertained at the resolution stage and which we will now deal with in committee of the whole following second reading.

Mr. Pickersgill: Mr. Speaker, the parliamentary secretary to the Minister of Finance (Mr. Benson) has just informed me that he will have ready for tabling in the morning—I have a proof copy now—the report on supply, which contains everything of substance that will appear in the bill. It is not in the form of a bill. I cannot say just how fast, following first reading, the bills will be produced, but they will be produced just as fast as it is possible for the printing bureau to print them. I will take every possible step to see they are distributed as quickly as possible. I think that really all the essential detail will be found in the report on supply, which I understand will be available for distribution immediately it is tabled at 11 o'clock tomorrow.

Mr. Nowlan: I quite appreciate the statement of the house leader. I think that report will probably contain most of the details, if not all of them. As long as we have an understanding that we do not have to go through committee of the whole immediately following second reading.

Mr. Pickersgill: Mr. Speaker, I think it would also be clearly understood that if the house is good enough to facilitate this proceeding tomorrow, when we do reach the committee stage, on the first clause of the bill there would be on the part of the government no disposition to restrict in any way any discussion which would otherwise have taken place at the resolution stage. The government has not the slightest desire to restrict debate; we are merely seeking to abbreviate the formal steps—

Mr. Nowlan: So are we.

Mr. Pickersgill: —for a purpose that I think all hon. gentlemen share. If that is so, Mr. Speaker, perhaps the motion could be put.

Hon. J. W. Pickersgill (for the 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 approve certain expenditures authorized in respect of the fiscal year ended on March 31, 1963, including those provided for by the special warrants issued by the governor in council of February 8, 1963 (P.C. 1963-227) and March 4, 1963 (P.C. 1963-361) but not including the expenditures authorized by Appropriation Acts for that fiscal year; and to authorize the application of certain amounts in the accounts of the said fiscal year.

Motion agreed to.

BUSINESS OF THE HOUSE

Mr. Churchill: Mr. Speaker, I wonder whether the house leader would give us a forecast of the business that will be before us tomorrow and such days as he can indicate for next week.

Mr. Pickersgill: I will be very happy to do that, sir. Tomorrow, once we have disposed of the committee stage, concerning which I understand there is a general disposition to regard as a formality preceding the appropriation bill, and had the first reading of the bill, we will take the estimates of the Department of Transport and, I pray, dispose of them during the day. On Monday it is proposed to take, as the first item of business, the appropriation bill which will be given first reading tomorrow and to proceed with it until it has been disposed of, and then to resume the debate on the economic council.

We would, of course, be very happy if both these measures could be disposed of on Monday. But in any event I think it would be the intention of the government to begin on Tuesday the budget resolutions, starting with the resolution respecting the customs tariff. What will be done on subsequent days of the week, I am not able to forecast sufficiently accurately at the moment to make it worth while communicating to the house.

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

HOUSE OF COMMONS

Friday, July 12, 1963

The house met at 11 a.m.

PRIVILEGE

MR. RAPP—ADVICE TO MEMBERS BY LAW BRANCH OFFICIALS

Mr. Reynold Rapp (Humboldt-Melfort-Tisdale): I am rising on a question of privilege affecting all hon. members of this house. Yesterday Your Honour ruled out of order two private members' bills, giving as a reason that they were money bills. One hon. member appealed your ruling and a division followed in which your ruling was upheld.

Your Honour will recall that on a previous occasion you ruled one of my own bills out of order for a similar reason, as being a money bill. At that time I accepted your decision—reluctantly, nevertheless gracefully. That is one reason I voted yesterday to uphold your ruling. The other is that I felt politically bound—and this would not concern Your Honour—not to support the appeal.

My point of privilege is that it came to the attention of hon. members that the assistance which private members receive from some officials of the law branch who help draft these bills seems to be at variance with the opinion of other law branch officials who communicate with Your Honour on these matters. This is a point which affects all hon. members and unless these difficulties are resolved to the satisfaction of all, private members' bills will eventually disappear from the order paper, which in the opinion of many hon. members would be a tragedy, to say the least.

MR. KNOWLES—OPINION OF DEPUTY ATTORNEY GENERAL ON VALIDITY OF CERTAIN APPOINTMENTS

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, I rise on a question of privilege. Yesterday the Prime Minister tabled a document which is identified as sessional paper No. 39B. It contains an opinion given by the deputy attorney general on the validity of certain arrangements made for appointing special advisers to the Minister of Finance.

My point of privilege can be very succinctly stated. In addition to the affront which I believe was already given to parliament by the manner in which these men were appointed, the matter is now compounded by our being asked to accept as approval of these appointments a document which in itself admits there were no provisions for the arrangements which were made, but that it can be "construed" that there was proper authority.

This opinion of Mr. Driedger, which was presented to the house by the Prime Minister, who therefore has to take responsibility for it, says quite clearly that there are two subsections of the government contracts regulations under which these appointments might have been made, but that they cannot be made under either of those subsections. One of these subsections sets out the classes of contracts which can be made—transportation, snow removal, garbage removal, and that kind of thing—and Mr. Driedger says that the contracts in question do not come within any of those categories. The other subsection has to do with contracts which do not exceed a certain amount of money. Mr. Driedger says there is no guarantee that they will not exceed that amount, and therefore they do not come under that subsection.

Having removed these arrangements from any provision set out in the government contracts regulations, he says:

> Although the government contracts regulations do not express in positive terms that a contract for services under which more than $1,000 is payable may be entered into with the approval of treasury board, they have been construed as authorizing a contracting authority to enter into such a contract with the approval of the treasury board—

My point of privilege, Mr. Speaker, is that what we now have is precisely what we had last June. We have the government construing that the Financial Administration Act or regulations made under it gives them authority to do something which the act itself says cannot be done. The Financial Administration Act says that no appointments by the treasury board can be made under it. The government contracts regulations themselves say that no appointments can be made under them. But the government, by construing that it has such authority, is doing something which I submit is contrary to the provisions of the act and the regulations made thereunder. Last year hon. members who are now in office strongly objected to the action of the then government in construing that it had the right under the Financial Administration Act to bring in the surcharge order. Now

the same hon. members are doing the same thing, construing that they have a right which the deputy attorney general says is not specifically set out.

I think this matter calls for very serious consideration by parliament, because the relations between the executive and parliament depend upon the government paying attention to the letter of statutes, and not governing by construing.

FINANCE

TABLING OF REPORT ON SUPPLY FOR FISCAL YEAR 1962-63

Mr. E. J. Benson (Kingston): Mr. Speaker, on behalf of the Minister of Finance (Mr. Gordon) I beg leave to table in English and in French copies of a report on supply for the fiscal year ended March 31, 1963. This report, Mr. Speaker, relates to the resolution which stands on the order paper as government order No. 19. Its purpose is to furnish the house with detailed information necessary for informed discussion and consideration of that resolution and/or the bill which will follow. I am informed that copies of this report will be in hon. members' letter boxes within ten minutes of tabling.

ANNUAL VACATIONS ACT

AMENDMENT TO PROVIDE THREE WEEKS HOLIDAYS AFTER FIVE YEARS SERVICE

Mr. Stanley Knowles (Winnipeg North Centre) moved for leave to introduce Bill No. C-85, to amend the Annual Vacations Act.

Some hon. Members: Explain.

Mr. Knowles: Mr. Speaker, the purpose of this bill is to make still further improvement in the Annual Vacations Act. The bill provides that employees who have had five years of employment shall thereafter be entitled each year to three weeks vacation with pay.

Motion agreed to and bill read the first time.

NATIONAL CAPITAL COMMISSION

AUTHORIZATION FOR RECONSTRUCTION OF RAILWAY LINE IN OTTAWA

Hon. J. P. Deschatelets (Minister of Public Works): Mr. Speaker, I wonder whether, with the unanimous consent of the house, I could revert to motions to make an announcement.

Mr. Speaker: Is it agreed?

Some hon. Members: Agreed.

Mr. Deschatelets: Mr. Speaker, I am pleased to inform the house that the government has authorized the national capital commission to proceed with arrangements for reconstructing that part of the Prescott subdivision of the C.P.R. from where it crosses the Rideau river to approximately Somerset street in the city of Ottawa. It is estimated that the reconstruction of the railway line will cost between $3½ and $4 million.

I am sure, Mr. Speaker, that hon. members of the house will be pleased to know that the new railway grade will be depressed and carried under the Rideau canal in a tunnel and underneath Carling avenue and Gladstone avenue, returning to the present grade at about Somerset street. It is hoped that arrangements can be made for construction to start this autumn and thus provide winter employment, as it will continue throughout the winter months.

FINANCE

EXEMPTION OF MUNICIPALITIES FROM SALES TAX ON BUILDING MATERIALS

On the orders of the day:

Hon. Michael Starr (Ontario): Mr. Speaker, I should like to address a question to the Prime Minister arising out of remarks made on television by Mr. Ackerley, president of the Canadian federation of mayors and municipalities, in which he said that the request of that organization to have the sales tax removed on the purchase of building materials by municipalities got a warm reception from the government. Is it the intention of the government to exempt municipalities from the sales tax on building materials?

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, I did not hear the remarks to which my hon. friend refers. I will try to get a copy of them and study them; then I will be in a position to answer the question.

EXEMPTION OF PUBLIC LIBRARIES FROM SALES TAX

On the orders of the day:

Mr. Jack A. Irvine (London): I should have liked to direct a question to the Minister of Finance. Since he is absent perhaps I might direct it to the Secretary of State. Is it the intention of the minister to include public libraries in the list of exemptions from the 11 per cent tax, in line with other educational institutions.

Hon. J. W. Pickersgill (Secretary of State): Since that question is obviously out of order it would be improper for me to answer it.

POSSIBLE IMPOSITION OF FEDERAL GASOLINE TAX

On the orders of the day:

Right Hon. J. G. Diefenbaker (Leader of the Opposition): I should like to ask the Prime Minister whether the minister of northern affairs, speaking in Radium Junction, British Columbia yesterday was enunciating government policy. The article in the *Globe and Mail* says that the possibility of a new federal tax on gasoline was raised here yesterday by the minister. Is that government policy? Is it the intention of the government to bring about an additional gasoline tax in order to expand highway policy?

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, the right hon. gentleman has based his question on a press report. I would prefer, before replying, to discuss with the minister what he said and hear from the minister about it. Even according to the press report, Mr. Speaker, the minister merely said that if further assistance is to be given by the federal government to highways, to transportation, or matters of that kind, further taxation and further revenues will be required.

Mr. Diefenbaker: When he said that, was that a statement of government policy?

Mr. Pearson: Whenever government policy on this matter is decided it will be announced in the house.

Mr. Diefenbaker: That is what we want to know. Why outside?

Mr. Martineau: Why was government policy not announced at this time?

Mr. Pearson: Because it is not a statement of government policy, and my right hon. friend knows from experience, when he was on this side of the house, that many speeches were made by members of the government of that day indicating what the government might do in certain circumstances.

Mr. Diefenbaker: Mr. Speaker, is this another portion of the budget by degrees and by sections?

Hon. Marcel Lambert (Edmonton West): Mr. Speaker, while the Prime Minister is looking into this matter of the possibility of a federal gasoline tax, perhaps he would look into the thought, as announced by the minister of northern affairs that he would prefer to develop north and south roads rather than a second trans-Canada highway?

Mr. Speaker: The hon. member for New Westminster.

Inquiries of the Ministry

Mr. Mather: Mr. Speaker, the question I was about to ask has been very ably put forward by the leader of the official opposition.

INQUIRY AS TO REFUNDS OF SALES TAX ALREADY PAID

On the orders of the day:

Hon. Theogene Ricard (St. Hyacinthe-Bagot): I wish to direct a question to the Minister of National Revenue and ask him what procedure should be taken by a citizen to recover excess tax paid to a retailer on the purchase of construction material between June 14 and July 8?

Hon. J. R. Garland (Minister of National Revenue): If I understood the question correctly, it would be strictly a matter for arrangement between the retailer and his customer.

Mr. Ricard: Does this mean the government has no procedure for helping the fellow who has been overtaxed?

Mr. Garland: Lest there be any wrong impression left here, may I point out that I answered this question three times on Tuesday.

Mr. Speaker: May I suggest to hon. members that this type of question is better answered during the discussion on the budget resolutions.

(Translation):

DOMINION-PROVINCIAL RELATIONS

MUNICIPAL LOAN LEGISLATION WITHOUT CONSULTATION WITH PROVINCES

On the orders of the day:

Hon. Paul Martineau (Pontiac-Temiscamingue): Mr. Speaker, I have a question to ask the Prime Minister.

Will the Prime Minister answer the charge made against him by Mr. Jean Lesage to the effect that he has broken one of his promises in introducing in the House of Commons, without consulting the provinces, the plan for a municipal loans fund?

(Text):

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, the letter to which my hon. friend refers was received in my office about an hour and a half ago, though I am familar with its contents, of course, because they have already appeared in the press. I would be very glad indeed to table the letter, except that there has not been time to translate it into English, the other official language of the country. When that is done I will be very glad to table the letter. I think the text of the

letter will not justify the actual words used by the hon. member in reference to that part of it which he has mentioned. Naturally this letter from the prime minister of Quebec will have to be replied to.

(Translation):

Mr. L. J. Pigeon (Joliette-L'Assomption-Montcalm): Mr. Speaker, I should like to ask the Prime Minister a supplementary question. Since the Prime Minister seems to have replied in the affirmative, am I to understand that the purpose is to refer to the conference to be held in Halifax this fall the study of capital assistance in the form of loans to municipalities?

(Text):

Mr. Pearson: Mr. Speaker, I hope to be able to make a statement on this matter on Monday, but meanwhile I can say that the legislation in question in the form in which it is drafted is within federal jurisdiction though it will recognize, of course, the rights of the provinces in this matter. It is obvious that the success of such legislation will depend on the co-operation that is received from provincial governments. In the light of circumstances that have now developed it is obviously desirable, I think, to have a conference to see whether this co-operation will be forthcoming.

We propose to try to arrange such a conference without delay, Mr. Speaker, so that the bill, which is concerned primarily with employment, can be proceeded with at the earliest possible date.

Mr. D. M. Fisher (Port Arthur): May I ask a supplementary question. I wonder if the Prime Minister is considering a face to face conference of his own, separate from the other provincial premiers, with Mr. Lesage in order to facilitate progress on this legislation.

Mr. Pearson: The consultation to which I have referred will, of course, include all provincial premiers; at least I hope it will.

Yesterday, in answer to a question, I said that to my knowledge no observations had been received from any other leader of a provincial government except the premier of Quebec. I found on returning to my office that there had been a letter received from the premier of Manitoba indicating that in his view it would be desirable to have consultation on this matter. Before the resolution was introduced, after the house met but before any legislation had been introduced, there was a communication from the premier of Saskatchewan indicating that he had heard such legislation might be introduced and expressing his interest and support in the principles embodied in it, as he had heard them described.

(Translation):

ECONOMIC COUNCIL—CONSULTATION WITH PROVINCES

Mr. L. J. Pigeon (Joliette-L'Assomption-Montcalm): Mr. Speaker, I wish to direct a question to the Prime Minister. Does he intend to suspend also the study of the bill providing for the establishment of an economic council of Canada, in order to submit it first to the provinces and take advantage of the conference he has announced?

(Text):

Right Hon. L. B. Pearson (Prime Minister): Certainly not, Mr. Speaker, any more than the previous government had any such intention when it proposed to introduce such a bill.

(Translation):

NATIONAL DEFENCE

BAGOTVILLE, QUE.—STORAGE OF NUCLEAR ARMS

On the orders of the day:

Mr. Gilles Gregoire (Lapointe): Mr. Speaker, I wish to direct a question to the Minister of National Defence. Can the minister tell us if, at the present time, nuclear warheads are stored at the military airport in Bagotville or if commitments have been made to do so soon?

(Text):

STATEMENT BY CHIEF OF NAVAL STAFF RESPECTING FRIGATES

On the orders of the day:

Hon. Paul Martineau (Pontiac-Temiscamingue): Mr. Speaker, I have a question for the Minister of National Defence. Yesterday the minister said he was giving consideration to the statement made by the chief of the naval staff, Admiral Rayner, to the effect that general purpose frigates were necessary to the Canadian navy. Could the minister say today whether he is in agreement with that statement?

Mr. Speaker: Orders of the day.

Mr. Martineau: No answer.

Mr. Pugh: No answer from the minister; no knowledge.

Mr. Pearson: It is against the rules.

[*Later:*]

Hon. Gordon Churchill (Winnipeg South Centre): Mr. Speaker, I would like to ask the Prime Minister this question. Does he consider that subjects which are being discussed by the defence committee should not be the subject matter of questions here in the House of Commons?

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, it is not what I consider; it is whether or not it is within the rules. It is my understanding that the rules do not permit of this.

ALLEGED DENIAL BY MINISTER OF INFORMATION PUBLISHED ELSEWHERE

On the orders of the day:

Hon. Gordon Churchill (Winnipeg South Centre): I have a question for the Minister of National Defence relating to an answer he gave to the house yesterday in which he equated the word "approximate" with round figures and the word "estimate" with accurate figures.

I should like to ask him whether he accepts as an authority the Oxford dictionary which says that "estimate", the noun, means an approximate judgment of numbers or amount. If he does—and I think the house as a whole accepts that definition as authoritative—I then say once again, speaking on a question of privilege, that the minister misled the house in the written answers he gave to the written questions put forward by the hon. member for Burnaby-Coquitlam.

POWER

COLUMBIA RIVER—REQUEST FOR INFORMATION ON PROPOSED CHANGES IN TREATY

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, I wish to direct a question to the right hon. Prime Minister which is prompted by a flood of telegrams, telephone calls and interviews. My question is based on clause 11 of the agreement between Canada and British Columbia respecting the Columbia river.

In view of the fact that the Prime Minister has informed President Kennedy of certain changes desired by Canada in the Columbia river treaty, and that the government of British Columbia has already been informed of the federal government's wishes in this respect, will the Prime Minister take the Canadian people into his confidence in respect of these proposed changes by informing this house of them?

Right Hon. L. B. Pearson (Prime Minister): Negotiations are about to begin between the two governments on this matter, Mr. Speaker. The United States government, the President and other members of that government, have been informed of certain matters as an indication of the kind of change required. This was done to find out whether it would be worth while proceeding with the negotiations. Under the circumstances, to make public in advance the manner in which the treaty must be changed would certainly not be conducive to the success of the negotiations.

Mr. Herridge: May I ask a supplementary question. Will the Prime Minister assure the house that the text of the agreement as printed in *Hansard* two days ago is correct?

Mr. Pearson: To the best of my knowledge it is correct or it would not have been tabled in this house.

[*Later:*]

Mr. Herridge: Mr. Speaker, I have a question supplemental to the one I asked the Prime Minister concerning the Columbia river treaty. I have been mulling over his answer, and I hope he does not mind my directing this question to him. As I understood it, the Prime Minister mentioned that he had indicated to President Kennedy the kind of changes Canada might require in the treaty, but of course he could not give details of these because of continuing negotiations. I understand that. But can he give the Canadian people some indication as to the kind of changes that are required, without going into detail?

Mr. Pearson: Mr. Speaker, after mulling over the hon. gentleman's question I can say that the kind of changes we have in mind are such as to make the treaty a better one for Canada.

[*Later:*]

Mr. T. S. Barnett (Comox-Alberni): While we are mulling over the Columbia river treaty I should like to ask the Secretary of State for External Affairs whether he is still of the opinion that the words to which I drew his attention yesterday are as lucid as he suggested they were when he gave his answer.

Hon. Paul Martin (Secretary of State for External Affairs): I thank the hon. member for mentioning this. I do not think I shall withdraw anything I said about the lucidity of the agreement, but the hon. member directed my attention yesterday to a discrepancy between the *Hansard* report of the text and the document which was tabled.

In order to correct what has been drawn to my attention as being a mistake in *Hansard* I would ask that this correction be made in the *Hansard* of July 10, at page 2059, in subparagraph (j) of section 3 of the agreement between Canada and British Columbia. The word "and" should have appeared in the fourth line of subparagraph (j) between the words "not do" and the words "so far"; that word "and" appeared in the signed original and in the copy of it which I tabled in the house for printing in *Hansard*. I thank the hon. member for bringing this mistake in *Hansard* to my attention.

Inquiries of the Ministry

(Translation):

EXTERNAL AFFAIRS

PAKISTAN—REPORTED ATTACKS ON CANADIAN STUDENTS

On the orders of the day:

Hon. Paul Martin (Secretary of State for External Affairs): Mr. Speaker, last Friday in reply to a question put by the hon. member for Berthier-Maskinonge-Delanaudiere (Mr. Paul) concerning Canadian students who are now in Pakistan, I promised to inform the house of any possible development.

I have now received a report from our high commissioner in Pakistan, as well as a dispatch from Dr. Leddy, national president of the World University Service of Canada. These two gentlemen tell me that they have obtained the most formal assurance from academic authorities in Pakistan that Canadian students were beyond reproach in their behaviour in the course of their meetings with Pakistani students.

The statements in question were made by a small uninfluential group within the Pakistani student community which is in no way representative of the opinion of that country's academic circles.

(Text):

TRANSPORT

SOULANGES CANAL—INQUIRY AS TO SALE TO QUEBEC

On the orders of the day:

Mr. L. J. Pigeon (Joliette-L'Assomption-Montcalm): Mr. Speaker, I would like to address a question to the Minister of Transport. Can the minister inform the house how the negotiations stand concerning the purchase of the Soulanges canal by the Quebec government?

Hon. G. J. McIlraith (Minister of Transport): Mr. Speaker, this is a question that should be placed on the order paper, but I have estimates coming up later today, and if the hon. member wants to put his question then it may be possible to answer it.

Mr. Pigeon: On the estimates?

Mr. McIlraith: Yes.

TRENT CANAL—REGULATIONS RESPECTING LOCKS AND BRIDGES

Mr. Fred F. Stenson (Peterborough): I should like to direct a question to the Minister of Transport. Has any change been made in the regulations regarding the opening of locks and bridges on the Trent canal in the last two weeks?

[Mr. Martin (Essex East).]

Hon. G. J. McIlraith (Minister of Transport): I would prefer to answer that question on my estimates. It is the kind of question which would be more appropriately dealt with at that time.

AGRICULTURE

SHEEP—REPORTED OUTBREAK OF SCRAPIE DISEASE IN ALBERTA

On the orders of the day:

Mr. Eldon M. Woolliams (Bow River): Mr. Speaker, I would like to direct a question to the Minister of Agriculture, but in his absence I will direct it to the parliamentary secretary. In view of the outbreak of the scrapie disease in sheep flocks in the province of Alberta, is it the intention of the Department of Agriculture to order the destruction of those flocks and compensate their owners in order to protect other sheep producers in the province?

Mr. B. S. Beer (Parliamentary Secretary to Minister of Agriculture): Mr. Speaker, I will be happy to take notice of the hon. member's question and bring it to the attention of the minister.

INQUIRY OF THE MINISTRY

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, I wish to direct a question to the Minister of National Health and Welfare. I regret giving her such short notice of it, but my question is based on a report in the July 12 issue of the Winnipeg *Free Press* of an interview which the hon. lady gave Mr. Victor Mackie, that eminent member of the press gallery with encyclopedic knowledge and literary integrity, in which the hon. lady told him she had accepted a cigarette from a French diplomat, had taken one puff and suffered a consequent dizziness. In view of the general concern, conversation and consternation relating to this report, has the minister any information she can give the house, which is not a breach of security?

Hon. Judy V. LaMarsh (Minister of National Health and Welfare): Mr. Speaker, I am pleased that my hon. friend suggests the condition to which he refers is not a permanent one so far as I am concerned, and I beg leave to undertake to him and the house that it will be the last time I will voluntarily subject myself to such a condition.

NORTHERN AFFAIRS

NORTHWEST TERRITORIES—DELAY IN UNIVERSITY TRAINING PROGRAM

On the orders of the day:

Hon. W. G. Dinsdale (Brandon-Souris): Mr. Speaker, I have a question for the minister of northern affairs, or in his absence the parliamentary secretary, or in his absence the acting minister. It is based on a report that the university training program in the Northwest Territories might be delayed. My question is, could not this program be carried out under the provisions of the five year financial agreement that was concluded with the Northwest Territories government last year? In view of the importance of education to the northern young people, this matter is one of some urgency.

Hon. W. M. Benidickson (Minister of Mines and Technical Surveys): Mr. Speaker, I will see that this question is drawn to the attention of the minister, who is expected back at the next sitting.

WATER RESOURCES

SUGGESTED DIVERSION OF COLUMBIA WATERS TO PRAIRIES

On the orders of the day:

Mr. C. O. Cooper (Rosetown-Biggar): Mr. Speaker, I should like to direct a question to the Secretary of State for External Affairs regarding the Columbia river project. Have any provisions been made for diverting any water of the Columbia river to the eastern slopes of the Rockies, for the benefit of the prairie provinces?

Hon. Paul Martin (Secretary of State for External Affairs): Mr. Speaker, provision is made for that in paragraph 1 of article 13 of the treaty.

TRADE

CUBA—STATEMENT AS TO GOVERNMENT POLICY

On the orders of the day:

Hon. Mitchell Sharp (Minister of Trade and Commerce): Mr. Speaker, yesterday the hon. member for Grey North asked me two questions about trade with Cuba. In the first he asked:

> Is it the policy of this government to promote increased trade with Cuba, similar to the approach made by the former Conservative administration?

I was not convinced in my own mind, Mr. Speaker, that the policy of the former government was as clear cut as that. However, let me outline the policy of the present government. This government prohibits the

re-export to Cuba of goods of United States origin. Otherwise the government places no obstacles in the way of trade with Cuba in non-military and non-strategic goods.

The trade between Canada and Cuba has been running at about the same level as in the previous year. In the calendar year 1962 Canadian exports to Cuba were valued at $10.9 million, and imports from Cuba were valued at $2.8 million. Our most recent export figures indicate that during the first five months of 1963 Canadian exports were valued at $4.6 million. I think the house will be interested to know the composition of that export trade. It consists in the main of inedible tallow, infant and junior foods, agricultural chemicals, cured pork, veterinary medicines and dairy cattle.

The second question from the hon. member was:

> Now that fish rationing has ended in Cuba, will the government make an effort to sell more fish products to that country?

As hon. members know, in the past Cuba has been an import market for Canadian fish, taking up to 12 million lbs. annually. Unfortunately no sales have been made since 1962. This government is looking for opportunities to resume the sale of fish in the Cuban market.

Right Hon. J. G. Diefenbaker (Leader of the Opposition): Mr. Speaker, I congratulate the minister upon carrying on the policy of the former government. I want to ask him whether there is any thought—and I am sure there is not—of departing from the policy of refusing anything of a military nature or a defence requirement to that country.

Mr. Sharp: I am sure, Mr. Speaker, that the Leader of the Opposition remembers certain statements made by my predecessors in office which caused some uncertainty about Canadian trade policy with respect to Cuba. But I shall not comment further on that. At the moment there is no intention of changing the policy with respect to trade with Cuba, but if any changes are made they will be announced when the decisions are made.

[*Later:*]

Mr. Colin Cameron (Nanaimo-Cowichan-The Islands): Mr. Speaker, I have a supplementary question for the Minister of Trade and Commerce arising out of his answer of a few moments ago with regard to trade with Cuba. Can he tell us whether the government's hope of expanding this trade to its former level is to be implemented by the dispatch of a trade commission to Cuba.

Mr. Sharp: No, Mr. Speaker, there is no intention at present of appointing a trade

commissioner to Cuba; but of course policy is always under review, and if such an appointment were made it would be announced in this house.

BUSINESS OF THE HOUSE

PROCEDURE IN DEALING WITH CUSTOMS TARIFF RESOLUTIONS

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 having to do with the business of the house. At adjournment time last night the Secretary of State indicated that on Tuesday our business would be the budget resolutions, and specifically he said we would be dealing with the resolutions coming under the heading of the customs tariff.

Since the resolutions under this heading include one regarding the surcharge order, will he tell us how it is going to be possible for the house to proceed with this item, in view of the rule of this house that we cannot deal with matters that are *sub judice*.

Hon. J. W. Pickersgill (Secretary of State): Mr. Speaker, I will be very glad to give consideration to this matter, and I will ask my colleague the Minister of Justice to give consideration between now and Tuesday to the point raised by the hon. member, though at first blush I do not think there is in fact a problem at all.

Mr. Knowles: May I suggest to the Secretary of State that when he refers the matter to the Minister of Justice he draw his attention to citation 149 (c) of Beauchesne's fourth edition.

Mr. Pickersgill: I thank the hon. gentleman for his advice.

DIVORCE

PROCEDURE TO BE FOLLOWED TO DEAL WITH PETITIONS

On the orders of the day:

Mr. W. H. A. Thomas (Middlesex West): Mr. Speaker, I have a question for the Prime Minister. Can he say what plans the government has to break the blockade in the processing of the hundreds of divorce applications now accumulated on the parliamentary agenda?

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, the government, in consultation with other parties, is doing its best to arrange a satisfactory agreement which will permit of that blockade being broken.

[Mr. Sharp.]

ADMINISTRATION OF JUSTICE

INQUIRY AS TO LIST OF LAW FIRMS TO BE ENGAGED

On the orders of the day:

Mr. Donald MacInnis (Cape Breton South): Mr. Speaker, I have a question to direct to the Minister of Justice, but in his absence I will direct it to the minister's parliamentary secretary and ask the hon. member whether his office has made any request for a restricted list of law firms to deal with his department's business.

Mr. D. S. Macdonald (Parliamentary Secretary to Minister of Justice): Mr. Speaker, I shall be glad to bring this question to the attention of the minister when he returns.

[*Later:*]

Mr. MacInnis: I should like to address a question to the parliamentary secretary to the Minister of Justice in the absence of the minister. Has the hon. member's office made a request for a restricted list of law firms to deal with urgent business?

Mr. Macdonald: I will bring the question to the minister's attention.

FITNESS AND AMATEUR SPORT

INQUIRY AS TO EXPENDITURES IN COMING YEAR

On the orders of the day:

Mr. D. M. Fisher (Port Arthur): I wish to ask the Minister of National Health and Welfare a question occasioned by reports I have heard that the government is planning to spend a greater portion of the $5 million statutory grant for fitness and amateur sport than was the case last year. I should like to ask the minister whether she has had any meeting with Mr. Farmer, head of the amateur fitness and sport group, and whether she has given any indication to that gentleman and his associates of the degree of approval which would be given to any planning program they might develop in the coming year.

Hon. Judy V. LaMarsh (Minister of National Health and Welfare): May I say to the hon. member that I have seen the chairman of the fitness advisory board, Mr. Farmer, though I have not discussed in detail any projects for the spending year which have not already been approved. All projects which have been submitted have been approved and in most cases cheques have been sent out. Applications are being received in connection with the next fiscal year. Normally these are referred to the council for discussion and recommendation to the minister. Afterward the project is taken to the cabinet for final decision. At the moment, though, there are

none awaiting decision. It is too early in point of time for the next fiscal year's program.

Mr. More: Does the minister agree with the comment of the hon. member for Norfolk that this is a phony program?

(Translation):

CANADIAN BROADCASTING CORPORATION

INQUIRY AS TO POSSIBLE STRIKE OF ARTISTS

On the orders of the day:

Mr. Maurice Sauve (Îles-de-la-Madeleine): Mr. Speaker, I wonder if the Secretary of State could tell us if the negotiations that took place yesterday between the Canadian Broadcasting Corporation and the Canadian Federation of Authors and Artists were successful?

(Text):

Hon. J. W. Pickersgill (Secretary of State): I am happy to be able to say I was informed just before coming into the house that early this morning a settlement was reached satisfactory to both sides.

CANADIAN NATIONAL RAILWAYS

ALDERSHOT, ONT.—POSSIBLE EXTENSION OF BUILDING PROGRAM

On the orders of the day:

Mr. J. B. Morison (Wentworth): I have a question for the Minister of Transport. Can the minister assure the house and the 5,000 worried residents of Aldershot that Canadian National Railways will confine their building program in the Aldershot area to the proposed set-off yard.

Hon. G. J. McIlraith (Minister of Transport): This is another question which could probably be answered more appropriately later on the estimates. In any event, I know this has been in the papers a great deal, and there is some justification for the view expressed by the hon. member that there are 5,000 worried residents. I may say, however, there are no plans for additional work other than the announced off-set tracks.

FINANCE

APPROVAL OF CERTAIN AUTHORIZED EXPENDITURES FOR FISCAL YEAR 1962-63

Hon. J. W. Pickersgill (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 approve certain expenditures authorized in respect of the fiscal year ended on March 31, 1963, including those provided for by the special warrants issued by the governor in council of February 8, 1963 (P.C. 1963-227) and March 4, 1963 (P.C. 1963-361) but not including the expenditures authorized by appropriation acts for that fiscal year; and to authorize the application of certain amounts in the accounts of the said fiscal year.

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

Resolution reported and concurred in.

Mr. Pickersgill thereupon moved for leave to introduce Bill No. C-86, for approving certain expenditures authorized for the public service, and the application of certain amounts in the accounts, for the financial year ended the 31st March, 1963.

Motion agreed to and bill read the first time.

Mr. Deputy Speaker: When shall said bill be read a second time?

Hon. J. W. Pickersgill (Secretary of State): Mr. Speaker, before you leave the chair I wonder whether I might be permitted, in view of the point raised by the hon. member for Digby-Annapolis-Kings last night, to explain that the bill has been printed in English and I think will be ready for distribution very shortly. I regret very much that because of its voluminous character the French edition will not be ready until Monday. I apologize for the delay but it is a very great burden of translation, and I assure hon. members that the bureau of translation has been doing its utmost to do it as expeditiously as possible.

(Translation):

Mr. Gilles Gregoire (Lapointe): Mr. Speaker, under the circumstances we will accept the statement made by the Secretary of State but I should like to point out to him—

(Text):

I should like to point out to the Secretary of State that the same thing happens every day with *Hansard*. Moreover I receive many letters from various departments in Ottawa saying that the translation does not receive the care it should receive. I should like to point that out to the Secretary of State so that in the near future he will see that there are enough translators in that department.

Mr. Pickersgill: I can assure the hon. gentleman that if he will send me a list of competent translators I will transmit it at once to the civil service commission and ask them to expedite the appointments if the qualifications are met. I regret to say that we have not as many translators as we should like in the government service. This is a field in which we would be only too happy to make a lot more bilingual appointments—and I know I am expressing the

view of the civil service commission in saying this—if we could find suitable candidates willing to come to Ottawa to accept these positions.

Mr. Gregoire: I am ready to add to my commission on bilingualism another commission replacing the civil service commission.

Mr. Pigeon: Might I point out to the Secretary of State that if they were paid well I am sure he would have no problems in finding bilingual men.

Mr. Pickersgill: I will convey that to the treasury board.

Mr. Gregoire: When are they going to translate Beauchesne?

Mr. Deputy Speaker: When shall the bill be read a second time? Next sitting of the house?

Some hon. Members: Agreed.

SUPPLY

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

DEPARTMENT OF TRANSPORT

1. Departmental administration—$3,388,600.

Hon. G. J. McIlraith (Minister of Transport): Mr. Chairman, while it is not my intention to make a lengthy statement on the first item, I think I should take a few minutes of the committee's time to deal with some matters. I believe those hon. members attending their first session would particularly appreciate a brief explanation of the extent of government activity in transportation, a field which I think all hon. members would agree is of decided importance to the economy of our country. It is quite possible that in doing so I may fail to mention certain items which hon. members will consider of major import. In many instances this may be because I have dealt already with the particular matter when answering a question during the session or in discussions with hon. members from the areas concerned.

The main estimates tabled by the Minister of Finance on May 29 contain a total of $231,038,000 to be voted for the needs of the Department of Transport. In addition there are certain statutory items and various sums to be voted for the several related agencies. These latter figures are readily available in a general summary set out in the blue book.

I think I should go through the main estimates first and content myself with remarks about them. The activities in our marine services are such that the standard of service rendered for shipping generally is being improved substantially and continuously year after year. Our shipping construction program is similar in size to that of last year. Strong support was received for the decision to provide eight high speed cutters to improve the marine search and rescue operations. By the end of July 1963 four will be in service, and all will be in operation by this fall. The department in this year's estimates is provided with $1,282,800 toward this construction.

Another large item relates to the new weatherships which will replace the existing obsolete ships in the manning of Pacific weather station "PAPA". Tenders have been called for the first vessel and construction will commence very soon. It is anticipated that three progress payments totalling $2,700,000 will be made by March 31, 1964. The department will be ready to contract for the second vessel by the fall of 1963 and the amount of $450,000 has been allowed in the estimates for the payment due on the signing of the contract.

Last year special mention was made of an unusual type of ship, namely an icebreaking cable repair vessel. The current estimates contain $4,021,000 for this ship, which is under construction at Canadian Vickers Limited, Montreal. A depot ship for the accommodation of stevedores for the off-loading of military and civil cargo at far northern sites was accepted last month. The Canadian coastguard ship *Vercheres*, built in 1901, has been replaced with a new vessel, the Canadian coastguard ship *Montmagny* completed last month. Contracts have been placed with Allied Builders Limited, Vancouver, for the construction of a tender for Prince Rupert and a work boat for the Mackenzie river.

Still on the subject of vessel construction, I might mention that $300,000 will be expended on the preparation of plans and specifications for northern supply ships, a small icebreaker for the lakehead, a vessel to replace the *Saurel* and *Chesterfield*, and an icebreaker for the Charlottetown agency. The design of the triple screw icebreaker, construction of which was approved in 1959, is practically complete and a contract will be let during the fiscal year, $750,000 having been provided to cover the payment due on signing the contract.

On the operational side the appropriation for the operation and maintenance of the coastguard fleet is up by over $1 million to a total of $21,680,000, and here again northern work is a big factor. A substantial amount of this is reimbursed to the government for northern supply work done for others. The program initiated some years back to modernize the marine agency depots is coming along quite well, and we contemplate a further outlay of some $2.4 million this year.

Expenditures for administration, capital construction and equipment for the marine works program, which covers marine aids to navigation such as light stations, fog signals, buoys, lightships and the supporting marine agencies, will involve an outlay of some $11,940,000. The total number of marine aids maintained by the department under this program is about 15,000.

For administration and further development of secondary canals the estimates provide $4,351,000. Included in this is some $400,000 for a start on the new lock on the Trent canal at Swift Rapids and the initial planning for the new lock required at Big Chute. Two hundred thousand dollars each is provided in connection with the new lock under construction at Fenelon Falls and for the restoration of a dam at Campbellford, and $175,000 is included for the rehabilitation of the Peterborough lift lock.

During the past year the departmental officials have devoted considerable thought and effort toward reducing the hazard involved in the operation of small pleasure craft, which I am sorry to say seems to be increasing because of the increase each year in the numbers of these small craft on our inland waters. Last year the department introduced a scheme requiring pleasure craft in certain categories to fit plates bearing recommended load and horsepower limitations. While the limitations set out on the plates are recommendations only, and that is necessary because of the various conditions under which boats operate, it is felt that such guidance does restrain many inexperienced operators from excessive loading and powering, and this is particularly true when they are buying boats and engines separately. It is in this field where, regrettably, there have been many tragic drownings on our waterways.

Mr. Winkler: Could I ask the minister a question? Does he have any figures as to the numbers of licences now issued for this type of boat?

Mr. McIlraith: When we come to the detailed items I will give what information I can. There is other supplementary information on the subject which can appropriately be given at that time. The issuing of these plates is a large effort in view of the tremendous number of small boats involved, and I must say that the boating public generally and the industry concerned are giving every reasonable co-operation to the department.

Small boat safety and small boat regulations are, as I have indicated, an increasing problem, particularly with regard to demands for licensing of boat operators and more extensive licensing of boats. I have had in mind and have given some thought, attention and study to possible courses of action to deal with this situation which will require both further legislation on the part of the federal government and an approach involving the co-operation of the provinces in administration. I can perhaps deal with that aspect of the matter more appropriately when the expected legislation is before the house.

With regard to coasting vessels, in order that coasting vessels in Newfoundland may be drydocked for steamship inspection purposes the department is providing a slipway at Clarenville. It is hoped that this haul-out facility will go into operation in the spring of 1964. Its construction is the first phase of a project to provide a marine haul-out, transfer system and fitting out wharf at Clarenville, the total cost of which is estimated to be $549,000.

I should also like to speak briefly on the air services appropriations which cover the broad fields of civil aviation, telecommunications and meteorology, both in regard to capital programs and operating and maintenance programs. In total these votes represent approximately $135 million in the 1963-64 fiscal year.

The largest single appropriation once again is that contained in vote 155 entitled "Construction or acquisition of buildings, works, land and equipment" with respect to national airports. While the vote is slightly over $38 million, this figure represents a decrease from the level of recent years. The terminal building program for international airports undertaken to meet the heavy traffic demands generated by growing acceptance of air travel is nearing completion and this, together with the fact that the large runway pavement construction program associated with the introduction of turboprop and jet aircraft at major airports has passed its peak, has tended to effect the reduction of this vote.

While new international terminals such as the imposing buildings under construction at Toronto, Winnipeg and Edmonton will be coming into operation this year, several trunk and feeder terminals at locations such as Fredericton, London, Sault Ste. Marie, the lakehead and Whitehorse are still in various stages of planning and construction and have been provided for in the vote.

Since the acquisition of the city of Vancouver's interest in the Vancouver international airport, planning for the international terminal has been advancing and action has already been taken on preparation of plans as well as on preliminary site development. Because of both the requirement for preloading the area due to the nature of the

area and subsequent time for settlement and the complexities of planning an up to date international terminal, it will probably be next year before tenders are called on the terminal building itself.

The current year's estimates represent the beginning of a trend in air services toward gradually decreasing capital expenditures on airport facilities. Offsetting this, of course, is the gradual increase in operation costs which it is expected will continue as public demands for expanding services continue to be satisfied in the aviation field. However, this needs to be measured against the airport revenue situation. Over the past three years airport revenues have increased from $9.1 million in the fiscal year 1959-60 to $15.6 million for the fiscal year 1962-63. While this increase has not been at a uniform rate, we expect this general trend to continue in future years.

Now, while I have indicated that capital expenditures for airport facilities will decline over the next several years, such a trend does not hold in the field of radio aids to air and marine navigation. Here, due to the continuing increase in the number, size and speed of aircraft, provision is being made for improvement in the efficiency and safety standards of the services. Procedures and equipment for handling traffic are continuing to become more complex, and while the level of the 1963-64 expenditures might indicate a stable condition, it is anticipated that significant increases may have to occur in the years immediately ahead if our facilities are to be adequate for the growing traffic.

There is also provision in vote 180 for the department to enter the field of international space communication. This activity will be in the area of operational experimentation and testing, by provision of a ground station to participate in international communication by satellites. The objectives are to assist our common communications carrier industry engaged in international communication and the development of the use of this new media, and at the same time to assist in focusing the attention of our communications manufacturing industry on this new field.

In the field of meteorology, construction or acquisition of buildings, works, land and equipment, vote 200, the main projects are the continuation of the program to instal transmissometers and ceilometers at our international airports to provide information on landing conditions during marginal weather. Also contained in this vote are funds for the procurement and installation of weather radar at Halifax, Toronto, Winnipeg and Edmonton. In the field of upper air soundings, funds have been included to initiate a program to equip the upper air stations with new equipment capable of measuring meteorological conditions up to 100,000 feet.

In addition to the estimates of my department I am submitting those of related agencies or bodies including, the national harbours board, a statutory crown corporation which administers the principle deep sea Canadian harbours. The main and supplementary estimates of the board for 1963-64 amount to some $18 million, and the money will go toward the construction or reconstruction of transit sheds, wharves, grain elevator systems and other works at certain ports.

As the national harbours handle the bulk of Canada's overseas trade, which I think again all hon. members will agree is of vital concern to the national economy, the development and maintenance of these ports has kept and must keep pace with traffic and shipping demands. As Canadian ports compete for foreign cargoes with ports in the United States, it is especially important that facilities and services provided at Canadian ports be kept adequate, efficient and economical to use. In its efforts to remain competitive the national harbours board works closely with other Canadian transportation interests such as the railways, trucking companies and shipping lines. Close liaison is also maintained with exporters, importers and domestic shippers, and the board consults and co-operates with the Department of Trade and Commerce in the promotion of direct trade between Canada and foreign countries.

The St. Lawrence seaway authority advises me that the task of preparing the 1964 report to government on the sufficiency of tolls to meet its statutory obligations is proceeding as planned in full co-operation with the United States seaway development corporation. In so far as operations for the 1963 navigation season are concerned, the authority reports that for the months of April, May and June tonnage has increased by 1,250,000 tons over the same period of 1962. In the same three month period revenues have increased over those of 1962 by some $625,000 I may say at the moment there is considerable study, at a very active stage I might add, being given to the question of twinning the locks of the Welland canal.

The Canadian maritime commission is responsible for the capital subsidies for the construction of commercial and fishing vessels. During 1962-63 funds totalling $22.5 million were paid out in respect of construction of 110 ships. Of these 94 were completions and 16 were in various stages of completion. The aggregate value of ship construction involved

in the subsidies was approximately $79,835,000. For the fiscal year 1963-64 capital subsidies for this purpose in both the main and supplementary estimates will total $30 million.

I have not had the responsibility of office long enough to complete a full review of major aspects of transportation policy, but I have been sufficiently long in office to ascertain the major matters which in my opinion need prompt attention, and to initiate studies of these. Paramount, of course, and I think all hon. members will agree, is the matter of legislation affecting the railways of Canada in order to eliminate the present massive temporary subsidies and to provide a new framework for future rationalization to meet the increasing competition of other modes of transport. I have been engaged in discussions with a great many interested groups, including representatives from some of the provinces very directly concerned, on the whole subject of proposed legislation arising out of the MacPherson royal commission report on transportation. Much work on this subject had been done by my immediate predecessor in office, the hon. member for Three Rivers, and I have been carrying that on from the point where I believe he left off.

I am quite sure he will understand when I say that, while I have been carrying on from the point where he left off, my continuation of this study and some of the things I found in the course of this study so far will undoubtedly lead to some adjustment in the proposals that were to be brought before parliament. I would not want him to believe that the continuation of the studies, which has been taking a great deal of my time, would merely result in the presentation of the legislation that he had been preparing. There are some major points on which further study has revealed the need for a somewhat different approach, and I hope he will appreciate that.

I expect to have this proposed legislation ready for submission to the house later in the session. I hope the program of the house will be such that at that time it can be dealt with, because I believe it to be of major importance to the economy of this country. I believe that to be a view which is shared by a great many hon. members on both sides of the house.

I have also come to the conclusion that a careful review of major aviation policy as it affects our scheduled air services, and carriers providing these services, is necessary. I believe that some clarification of the relationships and future role is essential to meet the rapidly changing technical and economic circumstances of aviation, and the highly competitive world of international aviation. What this may involve I am not prepared to say in any firm way until the review has been fully completed, but some fairly substantial changes may be needed to protect our national and international position and prevent us from weakening and dissipating our efforts.

As for the field of shipping and shipbuilding, I believe the program initiated by my predecessor has produced useful results, particularly for the shipbuilding industry and other related sectors. I will keep this program under continuing review. Apart from this I have little to add at present, other than to note that various representations, suggesting the need for something more in the way of a shipping policy, all seem to involve additional government subsidies. I can say quite frankly this is not an easy or attractive prospect, and I am reminded that the MacPherson royal commission on transportation stressed in general the need to allow each mode of transport to compete with other modes without subsidizing one at the expense of another.

I have also commenced, with my departmental officials, a review of the general machinery of transportation under the Minister of Transport. I subscribe to the view expressed, I believe, by the MacPherson royal commission and touched on by the Glassco royal commission that this country can best be served by an over-all, integrated approach to transportation. At this stage I am inclined to feel that improved arrangements for coordination of policy, as among the various agencies outside the department which report to me, may be desirable, but I have not yet decided how best this can be achieved. This is another subject that is getting quite active attention at the moment, and I hope to make some changes in this regard in the relatively near future. When I say that I mean within a very few months. It is one of the matters I consider of utmost importance.

Mr. Chairman, I hope this brief and general review will simplify and expedite consideration of the estimates which I respectfully submit to the committee for its consideration and approval.

Before concluding my remarks I must repeat something I said on one occasion on orders of the day. While I do not find orders of the day disagreeable, there are times when I find one has to over-abbreviate replies, and one is not able to explain the subject in quite the way one would wish. However, when I was asked my very first question as minister I took the opportunity to express to the former minister of transport my thanks for the courtesy he showed me on the day I was sworn in as minister. It is perhaps a very small thing, but under our processes of

government it is one which I regard as very important, and I want to have it on record when transport matters are being considered here. I therefore repeat my acknowledgment of that courtesy.

Mr. Balcer: Mr. Chairman, my first words are of congratulation to the minister on presenting the estimates of the Department of Transport for the first time, and on his appointment as head of that extremely interesting department. I thank him personally for the kind words he expressed about me, and I can assure him that I am quite convinced, when the government changes again, I shall receive the same treatment from him. Anyway I thank him very much for the sincerity of his expressions.

Transportation is definitely a major industry in a country of the size and importance of Canada, even more so than in any other country in the world. Transportation as an industry in itself is of tremendous importance for the services it is called upon to render to the population of Canada, and it is even more important for the tremendous role it plays in the development of trade and industry in a country which lives on external trade. In fact transportation is one of the key factors in the position of Canada as a major exporter.

The government headed by the present right hon. Leader of the Opposition was very conscious of this importance of transportation, and I am sure any independent observer would agree that during the last five years great things were accomplished by the Department of Transport and by the previous government in matters of transportation. When saying that I want to pay tribute to the staff of the department for their wonderful devotion during my term as head of the department. The Department of Transport is a huge department and a modern one. Many things happen in transport, and there is a lot of work for any minister; but during the period I was in charge I always had the good fortune of being able to rely on devoted public servants.

I do not want to make a complete review of everything accomplished by the previous government in transportation matters during the last five years, but I do wish to deal with some of the major problems our administration was faced with and the solutions that we brought forward for the benefit of the Canadian people. During those years Canada took great strides forward in shipping, aviation and railways. Today our position is sound because the previous government dealt with many major problems. However, in transportation things change so rapidly that new problems are created every day. We might not have settled all the problems, but we certainly attacked them with vigour and determination.

I should like to deal with these three fields separately, and first I shall discuss shipping. At the end of the second world war we had 10,000 Canadians employed on deep sea ships and about 18,000 others on coastal vessels and lakers. During the term of office of the government of our predecessors, Canada's deep sea fleet was allowed to disappear completely, and the same fate was facing our lake and coastal fleets on the St. Lawrence with the opening of the St. Lawrence seaway. Our lakes fleet was protected by the barrier of small canals between the great lakes and the St. Lawrence river, but unfortunately it was composed of old ships which were at a disadvantage, compared with foreign ships, immediately the seaway was opened. In addition, replacements were very difficult to secure owing to the fact that the wages we pay in Canadian shipyards do not compare with wages paid in Europe or Japan. As far as our fishing fleet was concerned, it was also in a most inferior position vis-à-vis European fishermen, starting with Russia. We have probably the best fishermen in the world, but they were handicapped by the fact that they were manning ships which were too old or too small and which could not go far enough out to sea in order to catch the fish. Our fishermen were in the sad position of having to observe huge fleets of modern vessels coming from across the Atlantic to fish right off our shores.

The previous government decided to attack this problem, and in attacking it we took into account the position of our shipyards. We all know the tremendous effort the shipyards of Canada were called upon to make during the war. They expanded at that time, but unfortunately around 1957 the shipyards were facing tremendous problems. All that was left to them were direct government contracts. That was the situation in 1957 when our government took office. We decided to take action. We set up a subsidy policy that has given Canada good, fast, modern ships. This policy also brought about full activity in our large shipyards. At the present time our fleet of lakers is a first class one and I think we can face the competition of foreign vessels in this area.

As far as fishing trawlers are concerned, the new subsidy has meant a great deal to maritimers and the fishermen of our east coast. At the present time all our small shipyards are busy building fishing trawlers. The federal government pays a subsidy of 50 per cent in connection with this shipbuilding. We have given the tools to our Canadian fishermen to go out and compete

with the fishing fleets of the world. Indications are that our fishermen are really increasing their fleet and the program is working extremely well, thanks also to the co-operation of provincial governments in many cases.

Another problem facing our shipping was that of the coastal shipping treaty we had with other members of the commonwealth. Of course the government hesitated before making a decision in this regard. We carried on an investigation of the situation and discovered that this commonwealth treaty did not mean anything today compared with what it meant in 1930 or 1932. One could see some strange situations. You had a group of United States financiers forming a small company in Nassau, with only a telephone and a girl to operate the telephone. A ship was registered in Nassau, the ship was built in Japan, owned in United States, manned by Italian officers and a Chinese crew, and plying Canadian inland waters because it was a commonwealth ship.

This situation was becoming absolutely impossible, and for that reason we decided to take action. We first extended the inland waters of Canada to include such harbours as Seven Islands and Havre St. Pierre, where our great steel mining industry carries on its activities. We notified Great Britain of our intention to withdraw from the treaty and asked her to contact the other commonwealth signatories to the treaty and obtain their agreement to this action. This enabled us to withdraw from the treaty and restrict our inland waters from Havre St. Pierre to the end of the lakes to Canadian flag ships. I think this measure will help our coastal fleet and will assist shipping carried out on the St. Lawrence river and the great lakes. Our action in this regard has produced a great deal of activity in the Canadian shipping world.

Of course it does not settle the matter of the deep sea fleet, but I can assure the house that before the election we were working on some very interesting plans to try to deal with this problem. Canada has a very good seagoing tradition. During the war we had a very large deep sea fleet. I think it is very important for a country which is an exporter, such as Canada, to have a certain number of deep sea ships. Let us not forget that the transportation of our goods to the countries to which we export is a very important factor, and we have a foreign exchange deficit of between $100 million and $150 million in transportation itself. Let us not forget also that the millions of bushels of wheat exported from western Canada to China were all carried in foreign ships. Therefore I hope my hon. friend the Minister of Transport will study this matter and find a solution. We have assured the necessary protection to our coastal, lakes and fishing fleets. I think the next step is to deal with the problem of the deep sea fleet.

Mr. Chairman, I would now like to turn to another field of interest in transportation. I refer to the field of aviation. Aviation in a country such as Canada is a natural. During the five years we were in power we pushed with determination our airport building projects, not only to keep up with the present needs but also to plan for 10 or 12 years in advance. As a result we have in the main cities of Canada large, functional and modern terminals which compare advantageously with those of any country in the world. One has only to see Montreal airport on a Friday night, for instance, to realize that this magnificent air terminal was needed. Another interesting point is that the Montreal airport, even though it is a huge and very modern building which cost a great deal of money, is a paying proposition for Canada. I am sure that as aviation develops all these investments would prove to have been good investments. We have pushed very hard for Toronto to make progress in regard to Malton international airport. I had hoped that this matter might be terminated by last June, but my information is that it will be some time in the fall. It is going to be an important addition to the Toronto area and will provide much needed accommodation for the public.

After the war our regional carriers were in a very sound position due partly to the very advantageous D.E.W. line contracts. These contracts represented many millions of dollars. They were awarded every year, and practically all our regional carriers made progress as a result of these contracts. However, the contracts came to an end and the position of the regional carriers became extremely difficult. We asked the air transport board to make a complete review of all the permits, routes and schedules of the regional carriers. This important inquiry was held across Canada with sittings in all the major cities which had a special interest in aviation. After this review the pattern was revised and special areas were allocated to each of our regional carriers. This new scheme has been in operation for a few months now, and the picture is very encouraging. The new scheme gives efficient service to the population and I think that must always be the key purpose of these enterprises.

We had a difficulty in connection with the milk run. As Your Honour knows, Trans-Canada Air Lines wanted to withdraw from the operation of this run. It was, of course, a deficit operation, but it was one of extreme

importance to the population of western Canada. We were faced with the problem. T.C.A. wanted to get out of this route because they had to use DC-3's and they had only two of them; it was an expensive proposition for them to maintain anything but turboprops or pure jets in their fleet. We arranged for the transfer of this route to Transair, and I am informed that the service now is very good and that the population is satisfied with the service it gets in this area.

As hon. members know, we have two major air lines in Canada, one government owned and the other a private corporation. Our government tried, I think with success, to achieve a proper balance between the two. It was not always easy. Both air lines have very aggressive management which is essential in a field such as international aviation. During those five years we witnessed the advent of the large pure jet carriers of the DC-8 type. These huge carriers with their extraordinary capacity, tremendous speed and range, and especially their amazing technical perfection, really revolutionized aviation. But due to the high cost of these planes both air lines faced a period of heavy deficits. Fortunately these deficits are of a temporary nature and already they have nearly disappeared. They will be wiped out completely next year.

I should like to refer to one problem, in particular, which we had to face, the question of the development of the T.C.A. overhaul base in Winnipeg. As hon. members may recall, Trans-Canada Air Lines had decided that after the last Viscount had been overhauled in Winnipeg facilities there would have to close and the overhaul of both turboprop and pure jet planes would be carried out in Montreal. This decision had, of course, to be taken by T.C.A. at the time the $30 million base in Montreal was approved by the previous government. According to the president of T.C.A., this is when the decision was taken. However, thanks to the intervention of the hon. member for Winnipeg South Centre and other hon. members from Manitoba the government to which I had the honour to belong made a very full inquiry at cabinet level at meetings with representatives of the provincial government, various interested municipalities, chambers of commerce and so on. We got from T.C.A. an undertaking to submit the whole matter anew to a firm of industrial consultants specializing in aviation so that a fresh study of the whole situation could be made. That was the position when we left office. I understand the new government is awaiting this report from the firm of consultants.

[Mr. Balcer.]

There is a further point I wish to raise. As you know, Mr. Chairman, Trans-Canada Air Lines has unfortunately never bought a plane built in Canada since the North Star. Now T.C.A. has to buy about 50 short to medium range pure jets. The previous government got from T.C.A. a commitment to obtain the approval of the government before it placed at least the final order for these planes. The purpose was to ensure that a complete investigation of all the possibilities of building the major percentage of the components of such planes in Canadian aircraft factories should be undertaken.

The results were most encouraging. All three possible suppliers of these aircraft have been negotiating with our aircraft industry and proposals, I am told, vary between 60 per cent and 100 per cent Canadian content. I think this is a most interesting and encouraging development, and one from which the Canadian people and in particular the Canadian aircraft industry will derive considerable benefit.

Mr. McIlraith: Would the hon. member permit a question? Can he provide some documentation or directives to this company setting out that policy? I have been unable to find any on that subject, though I have looked carefully.

Mr. Balcer: I know there was a cabinet conclusion to that effect. I recall that I myself transmitted the decision of the cabinet to the president of Trans-Canada Air Lines. It is, I am sure, recorded in the cabinet minutes. In addition it was, I am sure, agreed in writing by the president of Trans-Canada Air Lines that he intended to do this. I think it is an important and encouraging development when we consider that this involves contracts in the range of $250 million.

I should like to deal briefly now with the subject of railways. As the minister has said, one of the most important steps we took as an administration was the establishment of the MacPherson commission. When we took office Canadian National Railways were faced with huge deficits. Such deficits are most depressing for both management and employees. During our term of office we witnessed some very thorny labour relations problems in both Canadian railways. The men understandably wanted to get pay adjustments which they considered essential in view of the cost of living and the wages paid to employees in similar industries. Management was faced with the alternatives of a still larger deficit or higher freight rates. The government felt there were clear limits to freight rate increases on account of their effect on Canadian

producers and manufacturers. Our competitive position in the world markets could be jeopardized by any major freight rates increase. These freight rates are of the utmost importance, especially in the western provinces and in the maritimes.

Conscious of this deep-rooted problem, the government instituted the MacPherson commission with very precise terms of reference. This commission did a tremendous amount of work and produced a most thorough report containing a new philosophy and a wide, sweeping approach to the railway problem in Canada. As soon as it was in possession of this report the previous government set to work on the necessary legislation. Needless to say I agree with the minister that the preparation of this legislation was a tremendous job, and just prior to the last election our legislation was practically ready. I should have liked to see our government bring this legislation before the house because of the very hard work that has been done by some of my colleagues. I am sure the hon. member for Digby-Annapolis-Kings would agree with that. Much work was done by our cabinet committee on this matter and, of course by responsible officials. It was a very complicated piece of legislation embracing a vast field, with a tremendous impact on railway transportation in Canada.

I am very pleased to hear from the minister that this legislation is coming soon, and will probably be considered this year. I think it is a much needed step and is especially important when you think of the tremendous impact that the well-being of our railways has on the rest of Canada.

I think that is all I want to say at this moment, Mr. Chairman, but I should like the committee to realize what was accomplished by the previous government in the matter of transportation. I think we can say that we were faced with real problems and that we worked toward the solution of those problems. When we left office transportation in Canada had taken some major steps forward which I think was good for Canada as a whole.

Mr. Gregoire: Mr. Chairman, I see it is close to one o'clock, but there are one or two remarks I would like to make and some answers I should like to have from the minister regarding our consideration of the estimates today. I should like to know if at the same time we are studying amounts provided for the reduction in freight charges by the C.N.R. or the other railway company. Last year we used to pass those items in the standing committee before bringing them to this committee. If we had passed these estimates before—I see the minister is ready to answer.

Mr. McIlraith: I think I could usefully answer that question now, Mr. Chairman. C.N.R. matters as such are not embodied in these estimates; they come under another item on the order paper, I think No. 7. That measure concerns the C.N.R. financing act and the financing of Trans-Canada Air Lines. The C.N.R. is not included in these estimates with which we are dealing today, but railways are the subject of one of the supplementary items. There is a major item involving the railways generally. Item 18 on the order paper is the motion to set up the committee to examine into the accounts, estimates and bills relating to the Canadian National Railways and Trans-Canada Air Lines and with certain other powers. The practice has been for that committee to examine in a detailed way the annual report of Trans-Canada Air Lines and the annual report of the C.N.R. and all matters relating to the operations of those companies. Therefore I think it would be out of order to discuss the C.N.R. or T.C.A. today on these estimates.

If I may say so, the portion of the former minister's remarks concerning the purchase of T.C.A. aircraft concerns a matter which does not come under these estimates at all and should be discussed under the other two items on the order paper. It is a difficult line to draw. By the way, I hope that committee can be set up soon. I am ready and anxious to get it set up at the earliest moment, and I had put forward a proposal that the standing committee on railways, canals and telegraph lines be reduced in number and that it do the work normally given to the special committee. I had undertaken to refer the two annual reports immediately that was done.

Mr. Woolliams: Can I ask a supplementary question. In view of the minister's explanation—

Mr. Gregoire: Mr. Chairman, I have the floor.

The Chairman: May I bring to the attention of hon. members that the hon. member for Lapointe has the floor and should be allowed to complete his remarks.

Mr. Fisher: I assumed that the minister was speaking to a point of order, not answering a question.

The Chairman: No point of order was raised. I believe the hon. member who had the floor asked for some information.

Mr. Fisher: Then let me raise a point of order, Mr. Chairman. Our party certainly

does not accept what seems to be a tendency on the part of the minister to suggest that the C.N.R. and all its ramifications, and that T.C.A. and all its ramifications, should not be discussed, and that they are not properly under these estimates. If that is a ruling, Mr. Chairman, we do not accept it. As a matter of fact we have five or six speakers who will be spending most of their time on Canadian National Railways matters.

Mr. Woolliams: I should also like to speak to the point of order. We should be able to discuss in a general way—and I think the minister may have gone this far—railway abandonment as it effects the C.N.R. and C.P.R. We should be able to discuss in a general way T.C.A. I do not think those items should be excluded, because railways in western Canada and other parts of Canada and the activities of T.C.A. are the most important features of the department. I think this question should be clarified before discussion proceeds.

Mr. Gregoire: I think it should also be clarified that if we are voting estimates for the C.N.R. and T.C.A. we should withdraw those estimates and first set up the special committee dealing with railways, canals and air lines and then come back to the estimates of the C.N.R. I should like some clarification of this point also. When I asked whether we were discussing the estimates of the railways I included vote 213a in the supplementary estimates, which concerns a payment of $20 million to provide payments to companies subject to order No. 96300 dated November 17, 1958, and also the $50 million payment resulting from the recommendations of the MacPherson commission.

Mr. McIlraith: I think this point of order should be resolved. Item 213a is a general item for railways and embraces the item in the former Freight Rates Reduction Act and the subsidies paid through the board of transport commissioners. It just happens that the C.N.R. is one of the railways concerned, so that in that indirect way there is something that goes to the C.N.R., but only in that indirect way. The financing and deficits of the C.N.R., as well as of T.C.A., are embraced in the C.N.R. financing act. The practice has been for that legislation to be referred to the special committee set up for the purpose of examining the accounts, operations and so on of the C.N.R. and T.C.A. That has always been the practice. In these estimates there is no direct vote either for T.C.A. or the C.N.R.

To come to the point raised by the hon. member for Bow River, it is quite true that you cannot discuss transport policy without referring to the nationally owned railway system or nationally owned air line, but it is only in that context. Operational matters and other matters relating to their detailed financing and so on would properly be discussed on either of the other two items, the motion to set up the committee or the financing act itself. That is my point. I hope I have made it clear, and I would hope we could proceed in that way.

Mr. Gregoire: On the point of order, Mr. Chairman, it is not too clear. With regard to the items I have mentioned, the $20 million and $50 million payments by the board of transport commissioners, I think it has been the custom of the house to study them in the standing committee and not the other committee before studying them in the house.

Mr. McIlraith: That was never the practice.

Mr. Gregoire: That is what was done last year. We had the opportunity to study those two items in the standing committee, not a special or sessional committee but the standing committee. I cannot see why we should not do the same thing this year and study them in the standing committee. Therefore these two items should be withdrawn from committee of supply until the standing committee has had an opportunity to study them. I think the minister should give us this opportunity.

At one o'clock the committee took recess.

AFTER RECESS

The committee resumed at 2.30 p.m.

Mr. Gregoire: Mr. Chairman, since we have received the assurance of the Minister of Transport that he will stand item No. 213a in the supplementary estimates, I think this will permit us to study this item in the standing committee before we resume a detailed study of the estimates in the committee of the whole. I believe this procedure will permit us to go a little faster in our study of all the estimates of this department.

(Translation):

Mr. Chairman, there are several points to consider in the field of transportation. It might be noted, first of all, that the Department of Transport itself is probably one of the largest in the present government.

It must also be admitted that transportation is probably one of the most important means of communication between the Canadian people from all parts of the country. Thanks to our modern means of transportation, it is

much easier than formerly for people from one part of the country to get better acquainted with Canadians from another area.

In a country as large as Canada, transportation must be developed in order to foster a better understanding between the various areas and racial groups, especially the two main groups that make up our country.

Mr. Chairman, when we consider the estimates of the Department of Transport, we note that a great number of fields of endeavour are affected by transport, and therefore, by the Department of Transport: aviation, navigation, canal and railway services, grade crossings, etc.

The first point that comes to my mind is the following: All those areas must undergo some changes and must be brought up to date to meet modern needs, that is, they must develop and expand.

That is why, at the outset, I shall direct a number of questions to the minister. He might deal with them when he closes the discussion and provide answers if he deems it advisable.

Will the new 11 per cent tax levied on materials affect the Department of Transport in its development, its progress and its capital expenditure program with regard to railways, ships, wharves and canals?

If so, I submit that the minister should bring pressure to bear on his colleague so that the implementation of his department's main projects will not be affected by this tax on building materials. Otherwise, the progress of one of the most important departments would be slowed down.

Progress must not be hampered in the transportation industry because it is one of the industries that provide the most jobs in Canada and, therefore, is one of the prime factors of national growth.

Take, for instance, private industry. Considerable progress has been made there with regard to automobile plants, in assembly lines, various service stations, even gas stations, and motels. Add to that what has been accomplished by the provincial governments, such as bridges, roads, etc., and you will realize that the federal government must also do its share in this great industry, particularly with regard to railways, air lines, canals and navigation. The federal government must be in a position to develop those various services I have just mentioned and their progress must not be hampered by needless taxation.

In fact, in view of the degree to which private enterprise has developed and modernized, we realize that the transport problem is most alarming because the C.N.R., which is a crown corporation, is competing in such an irregular fashion with private enterprise that its competition practically becomes illegal.

Canadian private enterprise has succeeded in building up a trucking industry which provides a number of our fellow citizens with both employment and income. What happens? The government, through one of its crown corporations, the C.N.R., starts competing with the trucking industry which was set up by private enterprise.

It is noteworthy that the trucking industry shows a profit and pays taxes to the federal treasury, while the C.N.R., a crown corporation, not only does not pay taxes, but also show deficits which we, the Canadian citizens, must make up through our taxes. That is an abnormal situation.

Why should the government compete with private enterprise which has surpluses and pays taxes to the government, when the C.N.R. have deficits without paying any taxes? Such a situation is abnormal, and when one considers the figures one realizes that we give them rather substantial amounts. For instance, we see that the C.N.R. deficit for 1961 was $67,308,000, and $48,919,000 for 1962. And that does not take into account the many subsidies they received from the government. Apart from the $61 million deficit of the C.N.R. for last year, they received $80 million in subsidies of all kinds. We find that this C.N.R. item alone costs $150 million in taxes collected from the Canadian people, to make up for their deficit or fill the gap between their revenues and operation costs.

Mr. Chairman, if the government would instead see that the C.N.R. leave a business that does not concern them, leaving private enterprise to develop by itself the trucking industry which shows surpluses, the Minister of Finance would not have to tell the house this year: like our predecessors, we shall continue to grant subsidies to make up for some deficits. In our opinion, that should not be done, but we shall keep doing it anyway, because we have to do it.

The government should leave private enterprise in peace since it is efficient in that field whereas the government has met with failure. Mr. Chairman, we shall stress that particular point.

I shall not insist anymore today, since the minister agreed in a private conversation I had with him to stand item. No. 213a.

However, there is a matter on which we would endeavour to obtain as much information as possible during the discussion on the estimates for next year. We shall try to find through those items before us today what has been the part played by the French Canadians in the administration of public affairs and more particularly within the Department of Transport.

I have here some figures concerning the C.N.R. which I should like to quote and which give a quite accurate idea of what is happening in the Canadian National. In reviewing the various items we shall raise questions about the role played by French Canadians in the administration and in the awarding of D.O.T. contracts.

Why all those questions? Because we would like this government to recognize that the French Canadians should have a bigger place in the administration of the business of this country, so that they may realize that they are equal partners in their own country.

(Text):

"Summary of road property capital budget projects—total of 1962 proposals and cost to complete projects approved in prior years". This shows new lines in the St. Lawrence region, $5,000 out of a total of $34,107,000 for the whole of Canada, an expenditure of only $1 out of every $1,000 spent by the department in the province of Quebec. Road improvements in the St. Lawrence region were $4,141,400 out of a total of $38,392,200 for the whole of Canada, or $1 out of every $10. Large terminals in the province of Quebec were $1,038,000 out of a total of $32,293,000 for the whole of Canada, or $1 out of every $32. Yard tracks and sidings in the province of Quebec were $111,000 out of $1,215,600 for the whole of Canada, or $1 out of every $10.

We will admit we have more than our fair share of buildings. In the province of Quebec these totalled $4,185,000 out of $5,666,100. That is the first item where we have not only our fair share but more than the usual percentage that we should have. The same holds true for highway crossing protection which was $224,300 out of a total of $314,400. There was nothing for signals in the province of Quebec, out of a total of $7,012,200 for the whole of Canada. Anyone who comes into the province of Quebec will see how many accidents are caused because there are no signals across roads. How many signals would we require in the city of Quebec alone? How many underpasses and overpasses for railways?

Roadway and shop machinery totalled $278,200 for the St. Lawrence region but out of $2,253,100 for the whole of Canada, which comes to one twentieth of the sum. On that point I would like to bring to the attention of the minister that there is a machine shop in my constituency to repair the materials for the C.N.R., and every year part of it is being closed down.

The Chairman: Order. May I bring it to the attention of the hon. member that he cannot at this point go into the detailed operations of the Canadian National Railways. There is nothing wrong with referring to the general policy that affects the railways, but certainly he should not go into the details of the operations of the company.

Mr. Gregoire: Right, Mr. Chairman, but I think the figures I am quoting only go to prove the general policy. For road property there was $11,250,600 in the province of Quebec out of a total for the whole of Canada of $173,848,500. I think those figures speak for themselves, and of the proposed expenditures for 1962 there was $9,243,600 for Quebec out of a countrywide total of $106,376,900.

(Translation):

Mr. Chairman, I am of the opinion that these figures speak for themselves and can lead us to draw a conclusion.

The fact is that if French Canadians were allowed to take a more active interest in what is going on everywhere in the country, that is at the federal level, they would then be less inclined to withdraw into their shells as so many now do in the province of Quebec. I think that they should be allowed greater access to federal employment.

Last year, Mr. Gordon, president of the Canadian National Railways—and this is only one example to illustrate the general idea that I want to set forth in the house—stated that French Canadians made up 11 per cent of all Canadian National employees, even though French Canadians amount to more than 30 per cent of the total Canadian population.

Incidentally, I have to congratulate Mr. Gordon for having appointed a French speaking vice-president. That appointment pleased

all French Canadians, and more particularly those in the province of Quebec, and we hope that the Minister of Transport will suggest to him that we want a few more, until we have our fair share.

However, I find that he added a few members to the board of directors. In contrast with previous years, Mr. Gordon did not even mention the board of directors, because that would be somewhat embarrassing for him. He also added section directors and assistant directors in Montreal and in the St. Lawrence district. I have to commend him for his know-how and ability in making us accept such conditions.

Those, Mr. Chairman, were a few preliminary remarks I wanted to make to illustrate my point. As a matter of fact, we think that, if the federal government granted our request in the field of transportation as we are discussing the subject today we would be most happy, and not because we want to boss everything, for that is not the case, but inasmuch as we represent nearly 30 per cent of the whole population, we believe we are entitled to our fair share and that this position should be considered.

Moreover, when we are studying the estimates, one by one, we shall try to find out the percentage of French Canadians working in each branch, as well as the salary scales, because that is precisely the responsibility of the investigation commission on bilingualism, if we want to establish the degree to which French Canadians are interested in taking part in this country's business, as they should, not only in the field of employment, but also with regard to building contracts, maintenance, repairs and purchasing.

That is the direction we shall give our questions during the discussion on the estimates.

In short, we are of the opinion that the Department of Transport is one of the most important departments which, through its various bodies, permits the establishment of relations between different areas and between the two great races and cultures making up this country.

It also enables the citizens of our country to become better acquainted. But we would like, when travelling in our country and using federal means of transportation to feel at home. And to illustrate my point, let me give you an example. When we are on a train between Montreal and Ottawa and there are two or three trainmen, it would be normal to have at least one of them who can speak French.

Also, when a plane leaves Montreal for Vancouver, with five air hostesses, it seems only just that one of them at least should speak French. Actually, things should be worked out in such a way that people from the province of Quebec and, for that matter, all Canadians would feel at home not only in their own province—be it Quebec, Ontario or Manitoba—but everywhere, from coast to coast.

The transportation facilities of the department can contribute materially to that end, that is to make French Canadians feel at home in the whole length and breadth of Canada.

English-speaking Canadians may rest assured that we shall do everything possible to greet them with all due warmth. They may find fault with certain situations, but we shall certainly do our best to correct those situations, for we want them to feel at home when they come and visit us. We shall address them in their mother tongue, and try and understand them, for we are convinced that a better understanding brings about a deeper appreciation.

(Text):

Mr. Fisher: Mr. Chairman, I do not think there is any department that more closely affects the people of Canada than the Department of Transport. I would like to join in the congratulations that have gone to the minister in taking over the portfolio. I would also like to say to the previous minister, the hon. member for Three Rivers, and his predecessor Hon. George Hees, that I feel they gave members of parliament excellent cooperation and, in a sense, opened up the department to inquiries and interests of members of parliament as well as they could.

The administration of the Department of Transport has never been, I think, severely criticized in this house since I have been here. This is, I would think, an accolade for the gentlemen who are the senior civil servants in the department. Yet I must confess that I felt somewhat disappointed when I heard that the hon. member for Ottawa West had been made Minister of Transport. I have always found him to be one of the most careful, meticulous members in this house and I have a tremendous respect for his integrity and sense of responsibility; but I did feel that the Department of Transport, because of the great needs to develop and fashion a new national transportation policy and a new national policy as outlined by the MacPherson report, might have drawn the

appointment by the Prime Minister of some member who had a great interest in transportation, or else was someone who was extremely interested in policy matters.

I hope the minister will forgive me if I say that I feel the very excellent qualities he has are complemented very much by his deputy minister, Mr. Baldwin. I think this may augur very well for the future administrative balance of the department. But I have always felt that the department, in its senior officials, has been somewhat tardy or hesitant; certainly I do not think they have been vigorously forthcoming in setting out new transportation policies, particularly as they cover the broad spectrum of transportation, rather than in specifics, I would be quite willing to concede that in the field of civil aviation the leadership from the senior civil service has been good. However, I do not think the Department of Transport in the last five or six years, in the whole question of railway operations and railway policy, the relationship of the truckers to such agencies as the board of transport commissioners, the relationship of air lines to the air transport board, the relationship of many harbours communities to the national harbours board, has been either especially energetic or leading to any goals that we can easily recognize and easily support.

The primary matter that has always intrigued the Canadian House of Commons, I suppose, since the creation of the railway boom away back at the time of confederation and before, has been the development of railway transport and its effects upon communities. Canadian National Railways year in, year out has borne the largest number of questions and greater interest than any other governmental agency of any kind. You can prove this in a random way just by skirting through the indexes of *Hansard*. At the present time Canadian National Railways and the railways as a whole are dead centre in the interests of very many hon. members of this house.

Just the other day the minister made an answer to representations that were put to him by a delegation from western Canada with regard to the announced plans of Canadian National Railways to go ahead with run-throughs in the middle of August. The minister's reply was to the effect that it was a matter for negotiation or relationship of a contractual kind between management and labour. I want to say to the minister that his answer is a typical one, typical over the past number of years, and it reflects an inability to recognize, on the part of the government, any kind of responsibility in this very touchy area. The minister will remember that the group which came to him and the delegations from Rainy River, Melville and these other places did not ask him to interfere in labour-management relations. They asked him if he would use the position he holds to request the Canadian National Railways to postpone the introduction of these run-throughs until there was an opportunity to make a really good presentation of the whole matter. I should like to point out that the problem involved in these run-throughs has been developing all the way along in the relationship between the railways and their employees, as technological change has been advancing. We have never been able to get the government to accept responsibility for some of the dislocation caused or to place the responsibility upon the railways.

At the present time, through the action of this house, the subject matter of a bill I brought forward this session has been referred to the committee on railways, canals and telegraph lines. The question I wish to put to the minister is this: Will he endeavour through the position he holds to see that these run-throughs are not proceeded with until that committee has had a chance to hear representations concerning changes in the Railway Act which bear directly on this problem? I say they bear directly upon it because these changes would spell out the responsibility of the railway both to the employees and to the communities which this kind of dislocation affects.

There are other hon. members who will, no doubt, wish to speak on this subject. I know that the hon. member for Rosetown-Biggar will want to talk about it. I merely want to say that the relationship at the present time between the employees of the railways, particularly in western Canada, and their senior union leadership is very poor. This applies to both major railway companies but particularly to the C.N.R. I am not putting this forward as a fact that can be proven: It is my opinion. I feel this relationship has been worsened by various incidents which have taken place recently and I will mention one of these incidents as an example: The brotherhood of locomotive engineers had a strike vote of over 90 per cent, yet the leadership turned around and settled with the railways without obtaining a single gain beyond those they already had. It is because of suspicions like this existing between the majority of the membership and the unions that one finds such a group as the joint running trades committee, an unofficial group within the locals from Port Arthur to Vancouver, responding spontaneously to the challenge posed by these run-throughs.

I would like to tell the minister this: When I asked the Minister of Labour to get an

assessment made of the situation, I wanted him to make that assessment in order to make sure that the government realizes the threat which is implicit by mid August if the run-throughs proceed. If the railroaders have the same attitude then as they have today, I think there is going to be trouble. I think the minister should be prepared to accept some responsibility for this situation, even though he has denied in a statement he made in the house that this is a matter with which he can interfere. At least, that is my interpretation of what he said.

There is another subject on which I wish to comment in connection with the C.N.R. I want to touch on this matter of railway line abandonment. One of the striking things about the political pressures which have been developing in western Canada as a result of the line abandonment policies foreshadowed in the MacPherson report, is the fact that both the C.N.R. and the C.P.R. have been, generally, lumped together. We do not find the distinction which is often made in this house between the government-owned railway and the privately-owned railway. I should like to tell the minister that this lumping together of the railways in so far as their actions affect public policy is something I should like to see extended into a number of other fields. It seems to me that, given the scope of the subsidies and support which the C.P.R. has been receiving in recent years from the national war chest, it is time we had the opportunity to meet the president of the Canadian Pacific Railway under some kind of formal arrangement in a committee of this house. I make this point because one cannot divide policy in Canada between a government-owned railway on one hand and a privately-owned railway on the other. If the C.P.R. were completely free of regulations or if it were not availing itself of the subsidies permitted to it—and I am not blaming the company for availing itself of these subsidies —I can see why we might leave this company to one side. But in present circumstances I think it is about time an opportunity of hearing the views of the president of the C.P.R. expressed before a parliamentary committee.

One of the questions I should like to ask the minister is this: Will he tell us where are the proposals put forward by Mr. Gordon? Mr. Gordon told us two years ago that he was presenting proposals to the minister of finance and the minister of transport with respect to the long term debt structure of the C.N.R. Since he became president in 1950 Mr. Gordon has changed his mind a number of times as to the factors which are preventing the C.N.R. from presenting a budget ending up in the black instead of in the red. His latest representations seem to me to be to the effect that without a recasting of the debt structure of the C.N.R. the operation is never likely to end on the profit side of the ledger. I had a transportation economist look at the debt structure of the C.N.R. for me and he made the point that one of the reasons these debts are so immense is the large sums which have to be devoted to the repayment of interest charges.

In the last annual report of the C.N.R. for 1962, one finds that the total long term debt outstanding is $1,842,345,846. This is an enormous sum. My friend analysed the two ways in which the C.N.R. has been financing its operations in recent years, particularly with respect to its capital needs, taking care of some of its other long term debt as it has matured. There have been two ways of doing this. One was by the issue of debentures, and in recent years these issues have borne a high rate of interest—over 5 per cent at times. At other times the company has secured loans from government at very low rates of interest. My friend made an analysis as a result of which he told me that if the loans made over the past seven years had been made at a standard or low interest rate of $2\frac{3}{4}$ per cent of the total interest charge per year would have been some $350 million less than it is. That is a huge sum to be saved by the C.N.R. had this debt been built up on the basis of an interest rate of $2\frac{3}{4}$ per cent. My hon. friend in the Social Credit party could probably make a more effective analysis of that kind of interest rate, but it seems to me ridiculous that the long term debt of the Canadian National Railways, which is a government corporation, should be bearing interest charges as high as $5\frac{1}{2}$ per cent, as is the situation at the present time.

I have been very critical, as have other hon. members of our party, of the way Mr. Gordon has operated the Canadian National Railways. He has certainly spent money with abandon I think there have been tremendous results in improving the operations of the C.N.R., but the point is that the debt structure which it bears at the moment is immense. Proposals have been presented to the government over the last two years to alter and to change it, and I think it is time members of this house were privy to those proposals and knew what they were. I think the minister should let us know. I think it would be fair if the minister tabled for us in this house the proposals of the Canadian National Railways with regard to this debt structure. This analysis of the kind of depreciation the C.N.R. is involved in has shown that a debt structure has been developed from which C.N.R. can never get clear in terms of any kind of black gain on their profit sheet.

Another point I should like to make at this time is the question of the Matane-Ste. Anne des Monts railway. I have put some questions to the minister about this and I think he will agree that his replies have been less than informative. I can tell hon. members that this was a line which the C.N.R. did not want to build as part of its own structure, so it was launched, as an idea anyway, through a statute passed in this house which set up a government-owned railway which the C.N.R. would build and operate, but whose operating statements, revenues and so on, would be kept to one side as a special sort of government-owned operation. When that bill was before the house I raised some questions as to the economic viability of this road, but the bill went through despite this. I understand from the information which the minister has been kind enough to give me that the estimated costs are higher than those projected, and I should like to know how much higher they are. I feel we are entitled to know this, and I am sure that the people in Gaspe are entitled to know what are the government's intentions with regard to that road. I think the minister should also tell us whether the executive of the C.N.R. feel any more warmly toward this railway project than they did a year or two years ago. It seems to me that the government should be able to give a fairly quick and succinct answer in this regard.

There is one last point in relation to the C.N.R. that I wish to touch on. Mr. Gordon was quoted last January 25 in *Labour*, the weekly newspaper which is devoted to railway matters on behalf of the unions. The heading is: "Need a fighting morale, says Gordon of C.N.R.", and it goes on:

> A strong plea for maintenance of and improvement of employee morale was made by president Donald Gordon of the Canadian National Railways at a meeting of the general chairmen's association of the railway unions held here. He said that "without good morale we couldn't run the railroad" and he asked the general chairmen, who represent union employees all across Canada, to help build this morale amongst their members.

I want to ask the minister whether he would do something that no previous transport minister has done. It is an extra imposition and burden, but I have raised this question of morale, as have other members, with Mr. Gordon before. Mr. Gordon has, to say the least, ridiculed our suggestions. He has said that things were never better, and suggested that if morale on the Canadian National Railway is bad it is probably the politicans who are responsible for it by leading these people along the wrong or improper path. I want to ask the minister whether as Minister of Transport he will consider taking on the responsibility of getting round and talking to employees of the C.N.R. Everybody says that this question of their morale is important. Mr. Gordon says that he needs a fighting morale. The fighting morale I have seen is the desire on the part of a lot of C.N.R. employees to fight with Mr. Gordon.

I suggest that the minister could not make a better contribution to the Canadian National Railways than to take an interest in its employees. There has been, quite frankly, a tendency for previous ministers of transport to regard it as a hot potato and not to touch it; but I should like to see this minister go out and meet the men—not to call in the union heads, but go out and visit some of the terminal points and get to know the employees, and then arrive at his own conclusion as to why Mr. Gordon wants a fighting morale and claims that they have an excellent morale, when the rest of us who have a great many dealings with the people who work on the C.N.R. find evidence completely to contradict this. I think the minister, given the kind of level head and coolness which he has —I think we all recognize that he is not someone whose emotions will run wild with him— could do this job very well, and then we might reach the stage where a minister of transport could speak to this house about the Canadian National Railways and all the problems which we as members keep encountering with regard to it.

One of my colleagues, Mr. Chairman, is going to talk about the air situation so far as Trans-Canada Air Lines and Canadian Pacific Airlines is concerned, but I should just like to put on the record two resolutions. If we had had the opportunity last year in our sessional committee on railways, air lines and shipping to write a report on the operations of T.C.A. and the C.N.R., I had prepared two resolutions to bring before hon. members which I think speak for themselves. The first one was:

> By action of the air transport board following a hearing in 1958, air line competition was introduced in Canada on the transcontinental route. The committee learned during its examination of T.C.A.'s 1961 annual report that that same air transport board has not exercised its authority to ensure that that competition be on a fair and equitable basis.

The reason why we were entitled, as I see it, to come to that conclusion was because on that particular route there are different fares in force as a result of the action of Canadian Pacific Airlines, and also there has been in a sense an extension of the rights which Canadian Pacific Airlines are exercising in light of what was originally expected in 1958.

The second resolution or point which I wanted to put into the report last year was this:

The air transport board, by its failure to disapprove either the T.C.A. domestic passenger tariff filed with it for effectiveness April 1, 1962, or the C.P.A. domestic passenger tariff in force prior to that date, has permitted to exist fare differentials with respect to both first class and economy fares on identical routes flown in the same type of aircraft by both the competing air lines. The committee understands that no similar fare discrepancies with respect to authorized fares exist in the industry, and it therefore strongly recommends that the air transport board be required to take corrective action at once.

The point about the milk runs that bothers some of us, and I have had representations from several air lines in western Canada, is that we do not know what the package is. We do not know what the deal is between the government, T.C.A. and Transair which has the contract at the present time. What did T.C.A. give in terms of dollar value in turning over the DC-3's and Viscounts to Transair? What undertaking did the minister give or the previous minister or the air transport board to Transair?

It is quite obvious to anyone who knows anything about air operations that Transair is losing money hand over fist at the present time. Yet the announcement was to the effect that it was taking this franchise without any subsidy. The only reason that those of us from the outside can figure that it would take over an obviously losing proposition would be that the equipment and services it got out of the deal from Trans-Canada Air Lines were enough to balance off for a period of time, and what some of us are apprehensive about is that once the value that Transair has received in this equipment has been balanced somewhat by the monthly losses that are building up we will get the cry again for a subsidy.

I want to make it clear that the New Democratic party is not arguing against a subsidy on the prairie route, but the point is that several other carriers with experience in that area insist that the route is impractical without some kind of subsidy, and apparently the settlement has been on the basis of no subsidy. I think we are entitled to know a bit more about this particular deal and I particularly should like to know if any great pressure was put on Trans-Canada Air Lines to get them to shift that equipment to Transair, for what I imagine was a very nominal fee.

One of the things that the minister of transport in the previous government took credit for, and I think to a degree deservedly so, was the great improvement in the shipbuilding industry as a result of the Conservative shipbuilding program. The former minister will remember that there are a few of us who have shipyards in our constituencies which have not benefited from the shipbuilding program, and the subsidies. One of the complaints that we at the head of the lakes have, and it is a consistent complaint, is that our shipyard is owned by a very large corporation which also has yards at Collingwood, Kingston and Lauzon, Quebec. Naturally under the present set-up this firm has taken advantage of the subsidies and has directed the majority of its new construction into its yard at Lauzon and, secondarily, to its yard at Collingwood. That is accepted, I suppose, as the right of a private corporation; but the point I have made, and I know the hon. member for Fort William has made it also, is that any time the government is putting up that much of the cost for new shipping by way of subsidy, surely it must have the policy objective in mind of keeping our shipyards in this country to some kind of level both with regard to skills and plant. How effective is a shipbuilding policy if it leads to great concentrations and benefits in certain yards while other yards slip downhill both in terms of the quality of the workmen available and the kind of equipment they have?

I wish to say to the present minister that we think the shipbuilding subsidies have been an excellent thing, but we feel there should have been some provision in the act to permit some extra kind of incentive, not a penalty, to see that all yards in Canada have some opportunity for some of this construction. If the government should feel that even this kind of incentive to a private corporation such as Dominion Shipbuilding is something that philosophically they cannot accept, then I suggest that those yards that are not being given ships to construct by their corporate headquarters should be given first consideration when it comes to the construction of government ships. This is something again that we have been pushing for at the lakehead, but which has never been recognized.

Our shipyard at the lakehead in the main has diversified into a lot of lines and has done very well. It serves a very necessary repair yard. It is not the kind of shipyard that Canada can dispense with, because of its location and because of the great increase in shipping, particularly deep sea shipping through the St. Lawrence seaway and up to the head of the lakes. But what that shipyard needs to give it the kind of staff and the skills, and the opportunities to keep going, is an occasional new ship, government or private, and with the present structure of Dominion Shipbuilding this does not seem possible.

Another point about which I should like to ask the minister is whether he has given any

consideration to having a survey made of some of the harbours in Canada at present under harbour commissions constituted by this house, such as the lakehead harbour commission, and having them brought into a closer relationship with the national harbours board.

The Deputy Chairman: I apologize for interrupting the hon. member but the time allotted to him has expired.

Mr. Fisher: I should like to ask if I may finish this particular point, with the consent of the committee.

The Deputy Chairman: Is it agreed?

Some hon. Members: Agreed.

Mr. Fisher: I should not like to suggest that at the lakehead, for example, we want the harbour commission to be taken over by the national harbours board at the present time, but I do feel that the national harbours board has experience and knowledge that would be of immense assistance to the lakehead harbour commission if it could be made available on some kind of co-operative or liaison basis. I should like to ask the minister to consider that point. Finally, I would ask the minister when he is making his explanations to please tell us what role he played, and I should like a complete answer, in turning down or seeing that the government turned down the application for a radio station in Hull.

Mr. McIlraith: Where?

Mr. Fisher: Hull.

Mr. McIlraith: There is none there.

Mr. Fisher: Well, people from Hull, but in Ottawa.

Mr. Carter: Mr. Chairman, as the hon. member for Port Arthur has just pointed out, the Department of Transport touches the lives of practically all Canadians and I should like to take advantage of this opportunity to bring before the minister a few of the most urgent needs of the people of my constituency. Before doing so I should like to associate myself with those who have expressed their compliments and good wishes to you personally, sir, and also to the Speaker and Deputy Speaker on assuming the high offices to which you have been called. I should also like to congratulate the minister on his appointment and to compliment him on the manner in which he has presented his first estimates to the house.

Before going further I should like to express my appreciation of the work that is being done by the very dedicated staff both here in Ottawa, and in my own province, and to voice my personal thanks for the great co-operation and sympathetic consideration which I have always received from them whenever I have brought problems to their attention. I hope the minister will be able to come to my province before long. When he does he will discover that the office of his department in my province is seriously understaffed. The austerity program prevented new appointments being made, and I believe that the office has about half of the staff it requires to do its work efficiently. I know that the minister has not had time to inquire into all the facets of his department, but I would ask him to check on the salaries paid to top officials in his department, particularly in my own province, to ascertain how they compare with the salaries paid to the heads of other departments who have to carry comparable responsibility.

Now, practically all of my constituents live by the sea, and most of them live on the sea. It will be appreciated that aids to navigation have an important bearing on their lives in so far as they contribute to their personal safety and to their efforts to earn a livelihood. I want to express my thanks, on behalf of my constituents, for the many improvements that have been made in this regard during the past year. I hope that this improvement will be continued in the years ahead. I was glad to hear the minister say this morning that provision had been made for a marine haul-up at Clarenville. This is very fine, but Clarenville does not happen to be in my own riding. I want to impress upon the minister that the need in the riding of Burin-Burgeo is even more urgent than the need in Clarenville. The whole south coast, from Port aux Basques right around to St. John's, has no facilities at all for hauling out small boats for steamship inspection, maintenance and other purposes. There used to be one at Burin, but that has gone into disrepair and is no longer useable. Even the one at St. Pierre and Miquelon is now not as useful as it was. It is a very serious handicap to the people in the constituency when these facilities do not exist. We had hoped that they would have been provided long before this. We are waiting patiently in the hope that the provision of them will not be delayed very much longer.

I want to express my appreciation of the fact these estimates do contain some provision for expanding the ferry services between my province and the mainland. I want to urge the minister to speed up the construction of these ferries because I can assure him, from my own personal knowledge, that the travelling public is exposed to very serious inconvenience for the lack of these services. I do not want to expand on that, but I can say that I have seen people sitting

around without even a place to lie down because all the motel and hotel services at Port aux Basques or in the vicinity were completely filled. I should like the Minister of Transport to communicate with the management of Canadian National Railways, who should also have some responsibility to the travelling public to see that this situation is alleviated whenever possible by making sleeping cars available at the terminal when no other facilities are available.

I know the minister has not had time to examine all the different bits and pieces of administrative machinery in his department, but I want to bring to his attention one suggestion which I hope he will consider. My suggestion has to do with harbour administration. We do not have very many harbour boards, but I believe in decentralization of authority whenever possible. We do have in my province a number of pilotage commissions and a number of small harbour boards. They are set up under the act and their duties are separated. I believe it would tend to greater efficiency and better service if the scope of their authority could be extended. I see no reason why any efficient pilotage commission could not also have some responsibility for harbour administration. I see no reason why an effective harbour board could not also assume some of the duties of a pilotage commission. In small communities such as we have in my riding, the very same people act on these boards practically all the time. For all practical purposes, therefore, they are the same people wearing different hats.

I do know that a good deal of inconvenience could be eliminated if when we set up public harbours we did set up some local authority to which the harbourmaster could report, instead of having to report to the district office at St. John's. The district office, in turn, must get in touch with Ottawa before a decision can be reached. During the summertime, when we have short hours, with four o'clock closing on Friday and extra long week ends sometimes stretching over until Tuesday, long and unnecessary delays are experienced. If the minister would consider this suggestion, I think it would be beneficial to all concerned.

The last point I want to make is in connection with the subsidies for coastal shipping, to which the hon. member for Three Rivers referred this morning. I think that was a good move, but as the former minister himself pointed out it was designed mainly to help the shipyards. We do not have many shipyards in my province. We have one, possibly two. Most of our ships are built by the people who are going to sail them. These people go into the woods in the wintertime, cut timber for the frame and then proceed to build a ship. When these people try to take advantage of the subsidy, despite all the efforts of the maritime commission to help them with their problem, it is a very long and difficult operation before they can be assured they will receive the benefit of the subsidy. I think it should be possible to amend these regulations so as to take care of the cases which I have just described. I agree with the former minister of transport that we should be thinking in terms of expanding our merchant navy.

Our coastal fleet in Newfoundland has practically disappeared and there is not much incentive to replace it. Even with the subsidies granted, it is cheaper for the ship operators to have new ships built in Holland or Japan.

We are a nation of seafaring people, and we need small coastal ships to distribute our goods from the larger centres to the smaller communities. This type of service can best be supplied by small, locally built ships, which very often are built by the persons who are going to own and use them. I hope the minister will try and make it easier for such people to take advantage of the assistance that is available from his department.

Mr. Cooper: Mr. Chairman, I would like to say a few words about railway abandonment. I believe there should be a good long look taken before railway companies can go out and indiscriminately roll up tracks and abandon branch lines. When the former administration was in power there was a verbal agreement that all abandonment of branch lines would be frozen until there was a meeting called with the railways, the government, the large grain handling agencies in western Canada, and that in conjunction with the MacPherson report an over-all policy would be worked out.

We in western Canada are very much concerned about this, as there is only one way of getting our grain out to the northern port of Churchill, the west coast, or to the head of the lakes, and that is by the railways. We have many grain handling devices on our farms, such as augers and blowers, but I repeat there is only one way of getting grain to the delivery points, and this is over the railways.

Railway abandonment will have a serious effect on Rosetown-Biggar constituency, which is one of the larger grain growing districts in Saskatchewan. I do not like to take individual cases, but there is one line for which there has been an application to abandon, and where this would affect many more people than the farmers. It is a short line running from Stewart Valley, a little village, out to the main C.P.R. line. At present the farmers

in the district haul their grain to the town of Stewart Valley, but if the railroad is abandoned and they haul their grain north they will have to cross the Saskatchewan river. To go east they would have to cross Stewart Valley, and if they have to haul it to the main line this would involve a distance of 40 or 50 miles in many cases.

The farmers and businessmen are not looking for passenger service or express service. Their whole plea is service for the handling of their grain. Stewart Valley is a thriving little town in the centre of a good wheat growing area. Businessmen in the district have their life savings tied up in small businesses, grocery stores, implement businesses and the like. If this line were abandoned there would be nothing else for them to do but move out, and leave their lifetime savings behind them and start all over again at some other point. This would cause considerable hardship to everyone in the district—and this is just one instance which will be repeated over and over again throughout the whole prairie region.

There is another matter which should be looked into in order to get a clear picture of the whole railway system in western Canada. I would like to bring to the attention of the committee the new policy which the C.N.R. intends to inaugurate in the very near future. It is known as the run-through, and is the doubling up on divisions.

The hon. member for Port Arthur has explained this very well, but I would like to call attention to just a few of the hardships it would cause at home divisional points, where the railwaymen make their homes. This is a case where train crews would run over two divisions, and it would cause a lot of unemployment.

One of the main towns in my constituency is the town of Biggar, which is known as a home division. If this run-through system is inaugurated it will take 150 men out of that little town of 3,000 people, 79 of whom are home owners. In many cases the railway employees who have built homes would have to pick up and leave, and go to wherever they were transferred, and when you take 79 home owners out of a little town of 3,000 people there is not much left for the town.

Biggar is not the best wheat growing area in my constituency, but it has a very good cattle industry. This alone would not support a town of its size, and if the railway employees had to move, as many of them who have built homes and are paying for them would have to do, there would be no chance of selling these homes, since there is no industry to bring people into the district.

I have talked with many railwaymen and all they are asking is a chance to work their regular hours. They tell me that after eight hours in the cabs of fast moving freights, the strain is too great, and more accidents are caused after working that length of time in the cab. I know railway companies have as their motto, "safety first", and this is one of the things that should be taken into consideration. This is a matter at which we should take a good long look before the railways are allowed to go out and indiscriminately roll up the lines. I have a lot more to say on this point but there are other speakers who wish to participate in the debate. Therefore I ask the minister to give consideration to these things before the railway lines are abandoned.

Mr. McIlraith: Mr. Chairman, I am wondering whether I should answer some of the questions now, before too many accumulate. I shall try to confine my remarks to answering specific questions asked by hon. members. No doubt I will overlook a few, but this will be solely due to my system of doing my own reporting to myself, which I can assure hon. members is grossly inadequate.

Mr. Pigeon: I would like to put one question to the minister. On the orders of the day I asked a question concerning the Soulanges canal.

Mr. McIlraith: Perhaps I should answer that first, although I had hoped the hon. member would leave it until we came to the appropriate item when I would have the precise information in front of me. The situation is quite clear and it originated under the former minister.

As I understand the matter, there was an intimation from representatives of the government of the province of Quebec that they would take over the canal. Then the negotiations as to the detail of doing that were continued during the last year or two years—some considerable time anyway—and the result now is that we have an intimation that they are not interested in taking over the canal. Therefore it is a matter of determining the method of disposing of the canal.

Mr. Balcer: Mr. Chairman, I do not want to cut in on the minister but I would like to take this opportunity to point out that as far as the federal government was concerned, we had reached a conclusion on this matter of the Soulanges canal—

Mr. McIlraith: That is right.

Mr. Balcer: —and the Department of Transport had notified the Quebec government that we had agreed to give over the canal to the province. We then wrote to the province and asked them to pass an order in council to this effect, but we never received the order in

council. It has only been during the last few days that I have read in the newspapers that the federal government had refused. That is absolutely wrong, because we did not refuse.

Mr. McIlraith: Mr. Chairman, I want to make it perfectly clear that the federal government did not refuse and has not yet refused. It was quite the other way around; the federal government always took the position of being ready and prepared to carry out the transfer to the provincial authority, and the provincial authority has now indicated that it is not prepared to accept this transfer. That is the situation.

Mr. Pigeon: What will you do with this canal?

Mr. McIlraith: I will have an announcement to make very shortly, I presume; but I expect we will be disposing of it by one means or another. There is no objection to providing the correspondence on this matter, if any hon. member wants it. I do not have it here with me at the moment. I had expected, when this question was asked on the orders of the day, that it would not be raised again until we came to the appropriate item in the estimates, when I could give the information in a more precise way, with dates and that sort of thing.

I think some of the other questions that have been raised should be dealt with. A good deal was said by the hon. member for Lapointe about the C.N.R. deficits, and that sort of thing. The very point he makes there is the kind of thing that should be raised when the annual report and financial statement of the C.N.R. are before the committee. This question should either be raised there or when the house is considering the proposed legislation having to do with C.N.R. financing. It is not the kind of question that can be fully and thoroughly answered here. Indeed, this kind of question is not, in the detailed way in which the hon. member asked his question, relevant to these estimates.

However, I wish to say to the hon. member that we would be very glad to deal with all the points raised by him in this connection, and my saying what I have said is not in any way intended to deal with the whole subject which he has raised, because it deserves far more adequate and thorough treatment.

Mr. Fisher: Mr. Chairman, I should like to ask the minister a question. Last year, when Mr. Gordon was before the particular committee to which the minister has referred, the present Minister of Justice and I asked him a number of questions with regard to this deficit, the debt structure, and so on, and he made the point at the time, "I cannot deal with any one part of the question that has been raised without dealing with it all"; that is, the whole question of formulas and all the rest of it. I would make the point to the minister that we were not able, in the committee, at the resolution stage or during consideration of the financing bill last year, to get into this question of the C.N.R. debt structure.

Mr. McIlraith: Mr. Chairman, I was going to come to another part of the same question raised by the hon. member for Port Arthur. However, I should point out to him that the C.N.R. financing bill did not come before parliament last year, as I remember it. The bill presented this year will cover the two years; this matter did not come before parliament last year. As to the remarks of the hon. member for Port Arthur, I quite appreciate what he has said about a policy regarding civil aviation. I cannot help recalling some of our concern when we were considering this legislation before the hon. member was elected to parliament, in earlier years, when I had a rather close association with the civil aviation branch. But I think he failed to take note of what I said in my opening remarks about the need for a statement on over-all air policy. The hon. member is quite correct in asserting that there is a need for clarification of over-all air policy in relation to present day conditions. One can argue about whether some of those things came about because they should have been done differently by the former government, or are due to the modern development of different types of aircraft, or development in different countries. You can argue that question as much as you like, but the fact remains that this matter is now receiving close attention. I would anticipate that it would be another two or three months before it would be possible to make the kind of complete statement that is required in order to deal with it in an adequate and proper way.

The hon. member talked a good deal about the run-throughs on the Canadian National Railways, and the hon. member for Rosetown-Biggar made some reference to this question. I feel quite sure that other hon. members will wish to speak on this matter. That, again, is the type of question I would have hoped would come before the committee, but because of its importance I think I should say something about it now. I think the hon. member for Port Arthur did not make it clear that the group which came with him in the delegation on May 30 was made up of representatives of municipal councils of the towns concerned, boards of trade and employees of the railway, who of course were also union members. I made it very clear,

when he and other hon. members came with the delegation, that as to those parts of their representations which had to do with union agreements between the railroad company and the unions, it was my position that I would not discuss with individual union members those internal matters which come within union agreements, that those agreements provided the method by which the unions should raise with the management matters which concerned them; that is, through their general chairmen, and so on. It is all precisely set out in the agreements.

I think I made that reservation, if the hon. member will recall, two or three times in the course of that interview, because I think it is most important that in any arrangement with employers regarding union matters there should be no interference by the minister in the internal affairs of the union. The answer I gave the hon. member, when he asked some questions on this subject matter in the house, reflected the same view. In other words, as I see it, it is quite impossible for unions to conduct their business properly as between union and management if a minister of the crown is dealing with individual members of the union, rather than having such communications pass between management and the unions through the defined channels set out in the union agreements. I have noted the hon. member's remarks to date on this subject and, I am sure he will wish to change at least part of them when he reads what he said. I refer to that part of his remarks where the hon. member indicated it is the function of the Minister of Transport to have consultations and dealings with individual union members with a view to taking some kind of action with their own elected or chosen officers of the union.

I wish to make it plain that I would regard that as a most improper intrusion on my part into the internal affairs of the union. I believe that it would, in effect, be destroying a very simple right of the union members.

Mr. Fisher: Would the minister allow me to ask a question in that regard? Would he not agree that as Minister of Transport he has the authority to ask the Canadian National Railways to postpone this very comprehensive step until such time as it can become a matter of discussion between the union and the railways?

Mr. McIlraith: I hope the hon. member will not misunderstand me when I tell him that if he would just permit me to make my own statement I will try to make it in sequence and deal with all the major points he has raised. He is referring now, of course, to the notification that went out indicating that the target date for the change, as far as these run-throughs are concerned, is August 18. The hon. member requested me to interfere—to change that date arbitrarily. I considered that, and I think it would be an improper way of dealing with such a situation. I feel that matters of the internal management of the railways must be left to the management. Nevertheless, I took great care to communicate the brief immediately to the management of the railways, together with my comments on the presentation of it, the additional views which were expressed by way of explanation, and certain other correspondence. I wish to point out one or two other facts. If the hon. member would read carefully the correspondence which was sent out he would find that this date, August 18, is a target date. He would also see, if he referred to an answer I gave him the other day—it is reported in *Hansard* on July 10, at page 2044—that meetings have been going on between management and the unions. These meetings are continuing now, and I do not understand the desire to have me interfere in this matter in the way indicated by the hon. member.

The hon. member made certain firm assertions about the run-throughs. I would point out to him that there are a lot of men and a lot of views involved in this. All the circumstances are by no means as he has indicated. Many of them are, but many of them are not. Here, again, we are getting into detail as to how the run-throughs work; but a great many of the men seem to consider this as being an improvement which enables them to put in the required time in a shorter period. It has certain other advantages which, again, could be set out on the appropriate occasion, that occasion being when we are dealing with the C.N.R. In any event, I wish to make it clear that I am keeping closely in touch with developments in western Canada as they are affected by this proposed run-through program and I have been careful to send out letters to those hon. members who are directly concerned with the problem. These letters are intended to provide helpful information, and I hope they do so. I have also sent them out to various other persons who appeared with the delegation.

As to the minister calling in union members, I think that where there is a union agreement between management and labour it would be most improper for the minister to deal with certain union members in the way indicated. I wish to make it clear that I would not have any part in dealings of that kind, because in my view if one started that kind of practice and carried it through to a logical conclusion he would be destroying the whole union system.

I am glad the hon. member raised the question of air fares.

Mr. Fisher: Before the minister gets to that subject, may I say this: His last comment suggests that I put to him the proposal that he should call in union people. I did not do that at all. I suggested he should go and find out something about the morale on the railways by visiting C.N.R. employees at all levels, not just union people, because I think this matter is intrinsic to an understanding of the C.N.R. position. I suggest he should start with the hon. member who represents the city of Moncton, who is a railway employee with the C.N.R. and who is associated with him in the Liberal party.

Mr. McIlraith: In my opinion, the hon. member in question and the Minister of Transport communicate rather well. I do not find they have much difficulty in communicating satisfactorily, at least as far as the minister is concerned. In any event, I thank the hon. member for Port Arthur for his suggestion.

I am glad he raised the question about air fares. This has been causing me a great deal of concern, and it is a matter which will have to be dealt with. I must say I have found a good many problems of this kind which I feel need to be dealt with. It is a matter of taking action in an orderly way as fast as I can. Incidentally, while the hon. member for Burin-Burgeo was very keen that I should do a great many things, I could not help reflecting that it is less than two months since I have had the responsibility of office—not much time in which to build all these structures or even to design and plan them. That cannot be done in a few days. I hope the hon. member will not mind that remark. I can assure him that one of the matters he mentioned concerning the office in Newfoundland has already come to my attention. I have already dealt with that, in a satisfactory way, I hope.

The hon. member for Port Arthur raised a question in connection with the Gaspe railway legislation. He asked whether the C.N.R. feels more warmly about that railway now than it did two years ago. It is not a matter of how the C.N.R. feels on this subject. It is a matter of government policy, because we are dealing with legislation respecting the line. It is clear that the estimated cost, as indicated so far, is very much greater than that indicated in the legislation. The significance of that is that the whole project has to be re-examined and a decision taken. I hope to have an announcement made shortly on policy in connection with this railway. I can assure the hon. member it is getting close attention.

There are other factors which will have to be taken into consideration also, such as the damage caused by splitting these very narrow farms in the valley and damage resulting to a good part of that region from putting a railway through the middle of it, and other questions of that sort. In any event the matter is very close to decision now, and an announcement of policy will be made, I anticipate, in about three weeks or a month.

There was reference by the hon. member for Rosetown-Biggar to railway line abandonment. That is, of course, a matter for the proposed legislation which, as I indicated in my opening remarks this morning, will be coming in later this session. I fear that my good friend from Rosetown-Biggar has not been reading his mail very carefully. I think he will find that it indicates that none of these abandonments of freight lines in western Canada will take place until this legislation has been dealt with. In fact, that appeared from an answer to a question asked me in the house some weeks ago. The question of the prairie milk run is another matter which I think should come from T.C.A. before making any commitment.

Mr. Fisher: Would the minister give an undertaking that when he appears before the committee, in association with the president of Trans-Canada Air Lines, he will allow the president to give the details of the arrangements? I ask this question because he may recall that on occasion both the presidents of T.C.A. and C.N.R. have turned to the minister of transport and asked whether they could give this information.

Mr. McIlraith: I would want to look at the question, but I do not see any reason why there could not be some further disclosure of the information, whatever it was. Perhaps I could give it here, but whichever the hon. member would prefer. If he wants me to give it here I will, if I have a few minutes to get the information.

Questions were asked about the harbour commission. Legislation has already been prepared on this matter. I am not sure whether it is on the order paper in the other place or not, but legislation, dealing with the subject of harbours in an effort to bring a more cohesive system forward than presently exists, is ready. A question was asked about a radio station in Ottawa and a recommendation made by the board of broadcast governors to grant a licence. If I correctly identify the station, and there has only been one where no approval of a licence was given, the situation was very simple. Last February, I think it was, although I am speaking from memory, the board of

broadcast governors recommended approval of an application for a French language station in Ottawa which was to be privately owned. They also recommended approval of a French language C.B.C. station. There is in existence in this area a French language C.B.C. station, the station in Hull. Those recommendations were not dealt with by the former government and remained to be dealt with.

When the matter came to me—I might say here that I have some familiarity with the subject matter, a good deal of which was acquired before I became minister—it seemed to me that what was being done was to destroy the whole system of French language broadcasting in Ottawa by putting two additional stations into operation at the same time, or by increasing the present coverage by three times what it was. That seemed to me a thoroughly wrong policy, and in the great many conversations which I had in Ottawa with persons of the French language I found complete unanimity on that point. Therefore what I did was to approve one of the recommendations and decline the other. I thought that that was the fair and proper thing to do in these circumstances. It may interest hon. members to know that I received only one letter of protest on the matter, and the writer had not realized that two applications had been made, and I think he was quite surprised to learn that one application had been approved.

While I do not propose to substitute myself for the board of broadcast governors on these matters, I must point out at the same time that the legislation is very clear and explicit. Certain duties are set out in that act obligating the board to conduct hearings and to make recommendations. There is also a direct responsibility explicit in the Radio Act on the Minister of Transport to issue licences. I cannot believe that direct statutory obligation is intended to be nothing but the mere writing of a name in the appropriate place.

Mr. Fisher: Might I ask the minister a question. He must surely agree that his reasons, which sound very common sense and reasonable, for not approving this application are also reasons which the board of broadcast governors are supposed to consider. It is not a question of its statutory right, which we all concede, but the fact that this does cast a reflection upon the capacity of the board of broadcast governors to make a sensible and common sense decision.

Mr. McIlraith: No, I would not agree with that proposition. This is a problem which I think I can properly say I inherited from the former government, and I dealt with it in what I thought was a fair and proper way. I think the best evidence of that is what happened subsequently. I might add there were editorials in some papers miles away from Ottawa on this subject, but I had no correspondence except the one letter to which I referred.

Mr. Balcer: Just to keep the record clear, Mr. Chairman, I would like to remind the committee that although this matter was before the former government, it was during the election and we did not have time to deal with it. It was not a matter which was lying around for six or seven months; it rose right at the start of the election when everybody was away from Ottawa.

Mr. McIlraith: I think the date was February 11, or some time in February, when this recommendation was made; but in any event it was during the election period and the former government did not deal with it. I am not criticizing them for not dealing with it; quite frankly, I wish they had.

In any event, I did not particularly mean to criticize. But I would also point out to the former minister that the present minister has been criticized for not dealing with some matters which have come much more recently, very much more recently, and have covered a much shorter period of time. I am going to find his answer most helpful and useful, and I thank him for it.

Mr. Lambert: Does the minister feel that this might be a precedent for him to substitute his discretion for that of the board on future occasions? There is an old adage: What is the sense of hiring a watchdog to do your own barking?

Mr. McIlraith: The answer is quite simple. I sharply criticized the legislation when the government of which he was a member put it before the House of Commons, but it was passed. That government had some 208 supporters and we had some 49 or 50. I do not recall the numbers precisely. In my opinion, as appears from the records of the house, that legislation was not clear and was not good legislation. It may well be that the legislation requires improvement and clarification, but that is another matter with which I am not concerned today. The point is that that is the way they left the legislation. It was his government that put the legislation in this form. All I could do was carry out the statutory obligation imposed on me as best I could and exactly as I saw the obligation under the statute, and that I did.

Mr. Lambert: This is your interpretation.

Mr. McIlraith: It is more than my interpretation: It is the fact.

(Translation):

Mr. Lessard (Lake St. John): Mr. Chairman, I would not fail today to take this opportunity to refer to the transportation policy in Canada and the way it affects the economic development of our country.

As a citizen of the province of Quebec first and also speaking on behalf of my group, I shall deal only with the things affecting the province of Quebec and particularly the Saguenay area which I represent.

Mr. Chairman, transportation, in Canada and in the province of Quebec has, in the past, played an important role and I am convinced that its role will be as important in the future.

I should like to refer more specifically to the railways which were built at the end of last century or at the beginning of the present one in the Saguenay area. According to the information we have now, there has been no improvement in the Montreal-Saguenay railway line.

The Saguenay area has some heavy industries like paper and aluminum and a great deal of their production and raw material are transported by railways.

I know that the C.N.R. gets a lot of revenues from the Montreal-Saguenay line. This being so, it behooves us to bring to the attention of the minister the fact that his department should see to it that the Saguenay service is immediately improved so that those industries may have better transportation facilities. In the past, people used to take the train to Montreal and back, but they abandon more and more this means of transportation because it takes too long to travel the 300 miles between our area and the Canadian metropolis.

This line, which was laid out at the beginning of this century, follows all the contour lines in the mountains, and skirts around the lakes. But since at that time the machinery necessary to undertake such major works was not available, we can readily understand why this is such a winding line. However, I think that in 1963, it is possible to remedy such problems and to bring about some improvements at a really reasonable cost, which would result not only in a reduction in freight rates, but in cutting at the same time the number of hours required to travel between my area and the metropolis.

Naturally, the government would have to provide certain sums of money, but I believe it would be a good investment because of the additional profits the C.N.R. would derive from it.

Mr. Chairman, in the policies of railways, there are certain aspects which could be questioned. I wish to point out, for instance, that recently, that is yesterday, the Canadian Pacific asked for aluminum cars. You will readily understand that I am interested in that because the Saguenay area is an aluminum-producing region. Well, if the C.N.R. is thinking of changing its rolling stock soon, or of improving its rolling stock —something that is required, for a good percentage of it is already quite obsolete—it should consider the advisability of using aluminum in the manufacture of its cars. In doing so, it would not only be using a light material, but a Canadian product as well. And the crown corporation would have everything to gain because, by reducing the weight of the cars, aluminum makes possible an increase in the payload. In short, companies that have put that material to the test in the manufacture of their rolling stock have found that it represents some real savings.

I know that the Alcan company itself has, for its own use, built just such a car. The practical technical proof having been established, the government should examine the advisability of using that material, which is a real Canadian product—except, of course, for the raw material—in the manufacture of the equipment required by the Department of Transport and especially the Canadian National Railways.

I should like to state briefly at this time that the residents of the Saguenay district have asked the government repeatedly and for a long time to consider the advisability of completing the railroad around lake St. John. At present, the line goes from Dolbeau to Chambord where it is connected to the railroad which serves the Chicoutimi area, via Hebertville, so that on a distance of some 60 miles there is no railway service.

In the past, several industries have thought of establishing themselves on the north shore of lake St. John but they dropped the idea because of the lack of essential transportation facilities and went elsewhere.

There are vast mineral deposits in the north part of the riding of Lake St. John. Northern Quebec could well open up on that part of the Saguenay district and on lake St. John in particular. I know that in the future the mining production of the Mistassini will have to pass by the Saguenay area. That will compel the government to build that railroad and to extend it towards the north.

Mr. Chairman, there was a debate recently on a bill to set up an economic council. That body will certainly have to work in close association with the Department of Transport if it wishes to contribute to the orientation and the economic growth of underdeveloped areas where progress is slow.

As I said, we have two industries in the Saguenay district, paper and aluminum. They date back to the turn of the century and we now have a labour surplus because their production is for export. We cannot encourage secondary industries to settle in the Saguenay area because of the high transportation costs of their production to the exterior markets and the populous centres is prohibitive.

Mr. Chairman, the transportation system will be a direct and very important factor on the future industrial growth in Canada, in the province of Quebec, and particularly in the Saguenay area where I live. That is why I strongly urge the minister to consider the economic situation of the Saguenay area in the light of that disadvantage. Almost 300,000 people live in that area which is serviced by a very outmoded railway, badly in need of renovation. We need also better shipping services. We need an improved air service, so that the companies that would be attracted by cheap power will settle in the Saguenay district.

I believe that the preferential rates granted by the Department of Transport help balance production costs in the various parts of the country. If we objected to the subsidies paid by the government to the C.N.R. we did not object to the subsidies themselves but to the fact that they allowed the C.N.R. to compete against a transportation system which is also entitled to exist and expand. I refer to the trucking industry.

We suggested, and at that time our Liberal friends supported us, that those subsidies should be paid to shippers whoever they are, in order to cut transportation costs. If someone prefers to use trucks, it is obvious that it will cost him more than if he used the C.N.R., but he will benefit from this adjustment in subsidies granted to transportation. In my opinion, the Minister of Transport would render a great service to the people of the Saguenay area if he would take these factors into consideration.

Our area needs new industries. Those industries will settle in the Saguenay area when we have eliminated that obstacle, which seems to be the only one, that is the cost of transportation for their finished products to the export and domestic markets. In fact, the Saguenay area is fairly well situated, if not in a better situation than any other part of this country, because it can use the magnificent Saguenay river up to Bagotville.

We need port facility improvements, but I especially want to tell the minister that Bagotville is, in my opinion, the best place to erect the planned warehouses for the storage of feed grain. Last year that question was raised several times here in the house; I myself raised it this year and I take advantage of this opportunity to deal with the matter again, because farmers in the Saguenay area rely very much on those future developments. I contacted every agricultural organization in the Saguenay area and if they were not previously convinced of the necessity of this improvement, they are now unanimous in admitting it.

I know that the ministers of agriculture and transport have received representations to that effect from those organizations. I am convinced that the government would make people happy if it were building this warehouse in Bagotville or in Chicoutimi—at any rate the choice of the site is merely a technical matter—as soon as possible, in order to enable our farmers to get feed grain at a reasonable price and especially to make it available all year round.

In the past, transport and grain tycoons have unfortunately created shortages so that a great number of our people could not get the grain they needed.

While on this subject I should like to tell the house that the Department of Transport intimated that consideration is being given to improving the air transport system and the air fleet.

When, three weeks ago, I took part in the debate on the budget, I submitted to the Minister of Transport the necessity of exerting some pressure—and I do mean pressure—on the president of T.C.A., so that he would choose the Caravelle, which was being suggested to him. Actually, that aircraft is known to offer all the advantages and guarantees of the so-called medium-range aircraft.

At present, the officers of the Department of Transport are deciding what aircraft to pick from among the three that have been suggested. We all know, however, that two of

these planes are in fact one and the same, both being Caravelles, the second just slightly modified.

Mr. Chairman, I feel that the minister should see to it that this selection is made as soon as possible and that those 50 planes, the cost of which wil be above $200 million, are built in Montreal, which would certainly help improve the current unemployment situation in Montreal, and at the same time contribute to reducing our yearly trade deficit. This, in my opinion, would be a practical contribution from the Minister of Transport to the Minister of Finance (Mr. Gordon) who tries and wants to try balancing his budget and, above all, balance our trade deficit.

On the other hand, I agree that should these planes be built in Montreal, the cost might be a few million dollars higher, but I am sure that any such extra expenditures would be more than compensated, because the unemployment insurance fund would not have to support those unemployed who are at present getting benefits, and because we would not have to give any more assistance to our unemployed. In a word, this country would benefit from the building of those Caravelle aircraft in Canada.

Mr. Chairman, there is another matter on which I would like to comment, and it concerns the air transport division. I want to talk about Trans-Canada Air Lines. Representations were made to the minister to the effect that the name of that corporation should be changed and the hon. member for St. Maurice-Lafleche (Mr. Chretien) has a bill to that effect on the order paper. As a matter of fact, this measure is identical with the one moved last year by the Minister of National Health and Welfare (Miss LaMarsh), providing that the company should simply be known as "Air Canada", since, Air Canada is at the present time known throughout the world as the name of this crown corporation. I cannot see any merit in the objection raised by the Minister of Transport who said that the cost of such a change would be prohibitive, when I consider that the Canadian National Railways, some time ago, had all their cars repainted with the new "N" initial on the side. I am wondering what would be the cost of changing the name on those planes—

(Text):

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

Mr. Lessard (Lake St. John): Yes.

Mr. McIlraith: Is he suggesting that taking an aircraft out of operation when there are only very few in operation for the company, is comparable to taking a few railway cars out of use from among many thousands, for a few hours, for a much different kind of painting job?

(Translation):

Mr. Lessard (Lake St. John): Mr. Chairman, I should like to point out to the minister that I worked myself in industry and I know how long it would take to paint over those planes which actually are grounded for several hours each month for inspection. Those planes must go through adjustment and maintenance routines when they are in service. Besides they remain in hangars for days on end for repairs and checking and I am convinced that the painting over of the fuselage and the lettering of the words Air Canada would raise no major problem. In fact, I suggest to the hon. minister to inquire directly from the maintenance service division, not from the brass hats, but from the little people, those responsible for the maintenance of the planes and indeed, he will be in a position to reply that the painting of the words Air Canada on the planes does not constitute the tremendous job that he seems to indicate to the house.

I think we want to have a bilingual country; I think bilingualism is valuable and that we, as Canadians, must be prepared to foot the bill. In fact, if it was thought necessary to place the letters C.N. on the C.N.R. railway cars, we feel that the painting of the words Air Canada on aircraft would mean a very small expenditure. Indeed, I will put a question on the order paper in order to find out what was the cost of painting all the C.N.R. railway cars, and I am convinced that when I get that information, the minister will see for himself that the cost was significantly higher than what it would cost to paint the words Air Canada on the aircraft. Besides, I do not think that expenditure in the field of transportation worked a hardship on Canada.

Mr. Chairman, the hon. member for Port Arthur (Mr. Fisher) made reference to the labour question and I also should like to discuss it.

I know that all hon. members often receive representations from C.N.R. employees, through their labour union, with regard to their salaries. I know that this is a delicate matter and more particularly the relationship between unions, employees and employer,

the latter, in this case, being the C.N.R. itself. But all the complaints we receive arise from the fact that C.N.R. employees are now submitted to a kind of dictatorship by their union. As I am a workman myself, I am not afraid to raise this point because I worked in the unions, and I have always thought that they should have Canadian leadership, and that we should not get our instructions from people abroad.

It seems that, at this time, C.N.R. workers are members of a union affiliated with an American organization, or which is nothing but an American union. I think that C.N.R. employees are now facing a problem because they are not enjoying freedom of action within their union, and they are making a concerted effort to obtain their own Canadian union which will be entirely dissociated from the international American union. Now, to my mind, we should all, as Canadians and members of parliament support their efforts to that end.

I am, indeed, giving my support to the part played by the unions, but I want Canadian workers to unite in Canadian unions, and be represented by Canadians who will, first and foremost, defend Canadian interests.

At this time, it seems that instructions are given by leaders living in a foreign country. Now, as those directives come from foreigners, they are not necessarily in accord with the needs or interests of the country where the unions are.

Mr. Chairman, I want to call the minister's attention to this matter and ask him to give us his full co-operation, to the extent of his ability, with regard to the efforts made by Canadian workers to free themselves completely from American control in the field of industrial relations.

Mr. Chairman, there are several other matters I would have liked to broach, but the time at my disposal prevents me from doing so. However, I want to point out to the minister that there are some employees in the Department of Transport who are not protected by workmen's compensation. Some hon. members will certainly find this strange, but myself made inquiry, and so did others, I trust.

As a matter of fact, it is about a Department of Transport employee who had an accident and remained without help for three days. He was in a remote spot deprived of any means of communication, and it is only after three days that he managed to reach a hospital. He had to pay all the costs. This employee lost the use of an eye, which, in my opinion, is a most serious injury. Now, because of this accident, this man is unable to hold a job today. He himself had to pay all medical and hospital costs. Unable to find work since the accident, he has to live on public welfare. Everybody knows that no company wants to hire a one-eyed worker.

I wish to point out this case to the house, because the Department of Transport claims it has no responsibility at all in the matter. This man had been hired by an employee of the Department of Transport who is a lighthouse keeper. According to the regulations of the Department of Transport, one of their employees is authorized to hire an assistant. However, that assistant is not paid by the lighthouse keeper, but directly by the department which sends him a cheque issued by the department. He is subject to income tax and his unemployment insurance dues are deducted at the source. In fact, he is a federal government employee who works with government appliances in a government building and on government property.

In fact, I know that as a Canadian and an ordinary citizen, if I hire someone to work on my property, I am responsible for him. For my own protection, I carry insurance against possible damage or injury to my employees. I know that the government must also have some, but I do not think it is justified in hiding itself behind a mere formality, thus refusing to assume its true responsibility in this matter.

The government must try to fill in this gap for, though it may be a small detail, it could now do much harm to Canadians employed by the government.

I therefore ask the minister—I do not blame him, for the fault lies in the regulations—but I ask the minister to make sure that these regulations are changed so that all lighthouse keepers may be protected by the Workmen's Compensation Act.

I hope that I have made that clear to the parliamentary secretary to the hon. minister and that he will take note of this remark.

In the Saguenay area, there is a magnificent lake, called lake St. John; no doubt everybody has heard about it. It is a wonderful resort area and no other can compare with it. It is also a place where there is plenty of fish and we have there a unique kind of fish called wananish.

You may ask what this has got to do with the Department of Transport? Well, Mr. Chairman, I am coming back immediately to the subject. Villages scattered all around the lake, overlooking it, with splendid beaches, and wharves erected by the Department of Public Works but under the responsibility of the Department of Transport. However, rocks and reefs are scattered around the lake and they are dangerous. Mr. Chairman, thousands of boats daily ply the waters of lake St. John. I would very much like to see the Department of Transport place signal buoys at the dangerous spots and if possible get rid of the larger reefs.

Mr. Chairman, in closing, I wish to thank the house for giving me the opportunity to express my views on some problems of the Department of Transport.

(Text):

Mr. Woolliams: Mr. Chairman, like many other hon. members who have spoken I should like to congratulate the minister upon assuming his new responsibilities as Minister of Transport. I have known him personally since I came to the house and other members of my family have met him. We have always found him to be a very congenial gentleman and certainly very easy to get along with.

I wish to deal with one phase of the activities of this department which affects western Canada, which is dealt with in the report of the MacPherson royal commission on transportation. Before doing so I would like to reply to the minister's remarks regarding the discretion of the B.B.G. and ministerial discretion. I think he would agree with me, as he is also a lawyer, that, like the board of transport commissioners, they have certain judicial discretion which they exercise as an administrative body. That discretion is set out by statute. The B.B.G. also has discretionary powers set out by statute. Just as the cabinet can decide to veto or accept a recommendation or decision of the board of transport commissioners, so can the minister decide to accept or reject a judgment of that board. I fail to see very much difference in that particular kind of discretion.

Mr. McIlraith: Mr. Chairman, would the hon. member permit a question?

Mr. Woolliams: Certainly.

Mr. McIlraith: Would the hon. member not agree that the two pieces of legislation are not parallel at all. I refer to the hon. member's reference to the board of transport commissioners and the cabinet. The Radio Act and the other legislation dealing with the board of broadcast governors are quite different. One piece of legislation sets out a duty for the board of broadcast governors and a duty for the minister; and the board of broadcast governors fulfilled its duty and the minister fulfilled his duty.

Mr. Woolliams: Yes, but I was merely putting that forward as an analogy. I think the minister will go this far, that there is still a legal discretion which he can exercise, irrespective of whether that power is spelled out by that particular legislation. I have not been briefed on this matter recently but I say the minister has a discretion and he can exercise that discretion. That is a discretion within the realm of the responsibility of the minister himself. Then there is the discretion of the board, whose powers are set out in the act. However, Mr. Chairman, I do not want to get into a legal argument on the powers of the B.B.G. or the powers of the board of transport commissioners. I was merely pointing this out as an analogy and saying that he still has a discretion which he can exercise, and a discretion which he does exercise under the law, that is his responsibility.

I am rather sorry that the Minister of Agriculture is absent on Fridays, because on one occasion in the house he said—and this matter will be relevant to the question before the committee—he was praying that the rain was stopping in western Canada. I would point out that in western Canada at the moment there is growing one of the largest crops seen on the prairies and it appears from reports of the wheat pool and the grain elevator companies that there is going to be a bumper crop. No other industry in Canada, in my opinion, is affected more by transportation than is the agricultural industry, particularly in western Canada. I recall the terms of reference being laid down when the royal commission on transportation was set up, and the former prime minister, now the Leader of the Opposition, stating that the Crowsnest pass agreement was the economic Magna Carta of western Canada. I think that is true. This was an agreement entered into with the railways at that time, and that type of agreement which controls the freight rates on grain is the economic Magna Carta of western Canada. The margin which exists between profit and the costs of production of grain might easily be wiped out if the freight rates on western Canada grain were increased.

I also recall certain statements of hon. gentlemen then in opposition, particularly those of the present Minister of Justice, who said he thought the Crowsnest pass freight rates were like chains or shackles around the railway companies. It was set out very clearly by the then government, the Conservative government, and by the then prime minister that there would be no change in the Crowsnest pass freight rates.

I wish to come to grips with another question for a few moments, because the hon. member from Rosetown-Biggar discussed the question of rail line abandonment. I want not only to discuss the question of rail line abandonment as far as freight is concerned, but also as far as passengers are concerned. I should also like to point out why certain lines should not be abandoned. The Minister of Transport did answer some questions in this regard today. However, I think when we are dealing with the question of the abandonment of railway lines, whether passenger or freight, we must first of all have a national policy on the subject. I think we should look carefully at what was recommended by the MacPherson royal commission in this regard. In dealing with the abandonment of passenger railway lines I should like to take issue at this time with the abandonment of a particular line between the city of Calgary and the city of Saskatoon, known by people in that area as the Goose lake line. Those passenger trains were taken off, and at the present time, except for T.C.A., they find there is no other means of transportation between those two cities by anything like a direct route. There is a bus, but it stops at a little place called Oyen inside the border of Alberta. It spends seven hours there; passengers are forced to spend seven hours in the town before continuing their journey to Calgary. I recall the hon. member for Lethbridge asking the Prime Minister a question about this, and the right hon. gentleman said he would look into it personally. But the line has been abandoned and nothing has been done about it to date.

I think we should look at what the MacPherson commission had to say in this regard. It was certainly not in favour of abandoning lines holus-bolus. I realize the minister has suggested that this is not the occasion to get into a detailed discussion about the abandonment of railways, but this is a subject of such importance to agriculture that I hope I may be allowed to make a few observations on it and to remind hon. members of what was said by the royal commission on transportation set up by the previous government under Mr. MacPherson. People familiar with transportation in all its phases gave evidence before this commission, and it is on the basis of this evidence that the recommendations were made. On the subject of the passenger service I should like to refer to volume 1 of that report, dated March, 1961, page 60, where it states:

> To facilitate the reduction of the passenger deficits, we recommend that the pertinent statutes be amended to enable the railways, upon application to the board of transport commissioners, to remove any uneconomic passenger service except when the board is satisfied that no reasonable alternative public highway exists.

I think that had been overlooked when they decided to remove the passenger train service between Saskatoon, a city of 100,000 people and Calgary, a city of 300,000, without any alternative method of transportation being available as far as the railway is concerned.

If we read volumes 2 and 3 of the report we find there is evidence to suggest that the provision of a passenger service in Canada is uneconomic, no matter to how great an extent the facilities are used. As an example, I understand that at one time there were two luxury passenger trains known as the Canadian and the Dominion. I am told by the employees of the Dominion train that even when it was packed to capacity they were losing money on the route from Calgary to the east. So it is obviously not good enough to be able to say only that the service itself is uneconomic. These trains should only be removed—I make the suggestion to the minister—when, in addition to being uneconomic, the cabinet is satisfied that no reasonably satisfactory alternative public highway exists. There is a public highway between the two cities I have named but it is not paved all the way and, surely, if a passenger train is to be removed, these things should be taken into consideration. As I have said, at the present time, passengers on the 400 mile route by bus have to spend seven hours waiting in a small town, in some cases without proper accommodation.

Certain recommendations were made by the commission with regard to freight. I think it must be acknowledged by any government that a revolution is taking place in western Canada. I think that in the next ten years we are going to see a new picture. It has to come, it is true, in these days of automation which are having such an undeniable impact on the farmers of western Canada. It is now possible to take away 500 or 800 bushels of grain in a truck. It is, therefore, easier to take that grain a greater distance than was formerly the case, and it is possible to conceive,

especially as these railways are being subsidized by the taxpayers' money, that some of these lines may have to be abandoned. But they must be abandoned in some kind of order. In the near future much larger elevators will probably be built to replace small country elevators every eight, ten or twelve miles. In the meantime, a definite plan must be set up so that the abandonment of lines where necessary will not cause hardship to our farmers.

I can recall a debate in which the present Minister of Trade and Commerce was discussing the building of a large elevator in the town of Tisdale, the gateway to the Carrot river valley, and many thousands of acres of magnificent farmland. The minister told the hon. member for Humboldt-Melfort-Tisdale that he did not think this was a proper place for an elevator. But maybe the hon. member in question has put his finger on the revolution which is taking place in the west, because I can see the day when these larger elevators will be built in western Canada in much larger numbers as grain is taken to market over longer distances.

Be this as it may, lines cannot be taken up without a definite plan in mind. This is why the former government appointed a royal commission to make certain that a national plan will be set up so as to avoid hardship. I suggest to the minister that he and his department should study most carefully the recommendation made by Mr. MacPherson and his commission in this regard. I can say this of Mr. M. A. MacPherson, a lawyer from Regina: he is a man who has had much experience not only of agriculture but of railroading in western Canada, and of the economy of western Canada in general. At page 65 of the report, the following paragraph appears:

> In the light of these considerations, of the analysis presented in chapter 2, and of the recommendations for meeting passenger service deficits and the problem of light density lines, we recommend that in the case of the Canadian Pacific Railway a sum of $9 million annually shall be paid on behalf of the export grain traffic as a contribution to constant costs. This should place export grain traffic in a position comparable to other segments of traffic in the light of the permissive level of earnings.

That was the answer to the complaint made by the railways. In spite of this treatment by the royal commission the railways were saying at that time they were losing money on the freighting of grain from western Canada and the lakehead to Vancouver and Port Churchill. Then they say:

> Making adjustments necessary due to the different financial structure of the Canadian National Railways, the payment recommended to that company as a contribution on behalf of the export grain traffic to overheads is $7.3 million.

The shipping of grain is one commodity which the railways ship differently from any other. In western Canada you see these grain trains going through which, particularly under diesel power, are almost a mile in length, consisting of cars carrying grain across to the ports, where it is loaded on to boats and thus reaches the export market. The commission said that if losses are occasioned in the shipping of grain—the C.N.R. shows a deficit in practically all its operations although the C.P.R. does show a profit —the government should set up a subsidy so that the returns on that commodity will be comparable with others.

Then on page 66 of the report they say:

> When the process of rationalizing plant by the elimination of rail lines occasioning a system net loss has substantially progressed, or when it appears that there has been any other substantial change in the overhead costs of the railways, the constant costs of the railways should be re-evaluated. After these re-evaluations the remuneration paid on behalf of the movement of grain and grain products to export positions at statutory and related rates should be adapted to the changed situation.

The commission say that there should not be any change in the Crowsnest pass freight rates. When the Minister of Justice, who is not here today, was in opposition he said that these freight rates were shackles around the railways. But the commission say that if there is any loss, subsidies must be applied to make these commodities comparable with others. The former prime minister, the present Leader of the Opposition, said that the Crowsnest pass rates were the economic Magna Carta of western Canada and should not be interfered with, because the margin between a loss and a profit is so narrow on wheat farms, with the high cost of machinery, that these people could not stay in business. That is the point I wish to make particularly, when dealing with estimates, and in reference to the recommendations made by the royal commission on transportation. I sincerely hope that this commission will not suffer the fate of other royal commissions appointed under another government, and lie on the shelf in the library, because some fine recommendations are made here by a body of men who heard the evidence of people who understood business and industry. The royal commission on transportation was long overdue. Their report is now in the hands of departmental officials and it should be checked thoroughly before the government commence abandoning rail lines holus-bolus.

The Minister of Trade and Commerce mentioned another problem in western Canada concerning the loss of markets. One of our problems is getting wheat to the ports. One of the problems the former government were faced with in western Canada when

they took office in 1957 was that box cars were unavailable. There were many sidings, villages and towns which for months on end had no trains taking out wheat. Most of the quotas in 1956 and 1957 were either two or five bushels per acre, and many farmers could not get grain to the elevator because there were no box cars. The time to think about these things is not in September or October when the problem arises; I suggest with respect to the minister that the time to be thinking about this problem is now. If you recall, Mr. Chairman, there was a report made by Mr. Bracken, and as a result the allocation of box cars certainly improved. Anyone in western Canada will admit that the transportation of grain and other commodities out of western Canada improved under the Conservative government 100 per cent compared with the situation under the previous government with C. D. Howe.

When dealing with the question of line abandonment I might say that I do not think the board of transport commissioners have the capacity to deal with all the applications. I say this with no disrespect to the personnel of the board. I have appeared before them and they are fine gentlemen. But if they are to consider each application individually they will not be able to do so in an orderly fashion. The board must either be enlarged or some other body set up in order to consider a properly planned abandonment, so as to protect the agricultural industry which for the last five or six years has been in a pretty healthy state. There has to be a gradual working out of rail abandonment which will logically fit into the resolution which has taken place. New economic circumstances must be considered if railways are abandoned holus-bolus. Not only must you consider the industry, but the people and farmers who live in the towns, villages and cities, and also the personnel of the railways themselves. That is one recommendation which I would make.

In spite of the fact that the minister says he has legislation hot in the oven, I would like to hear what is the policy of the present Liberal government with regard to rail abandonment in western Canada. I hope he does not reply in the way he replied to the hon. member for Port Arthur and say that he will discuss it on another day or two weeks from now. This government assured the Canadian people that they were people of decision. Well, we have had the first 60 days, and we know that it will take another 60 days to undo what they did in that first 60 days. We want to know what the government is going to about rail abandonment, how it will occur, what board will have the power to make decisions, and whether the government recognize that a revolution is taking place as far as agriculture and the marketing of grain is concerned. What is the government going to do this fall when western Canada produces 600 million bushels of grain? A recent article was put out by the C.N.R. to the effect that there is a shortage of box cars. Is the government meeting with officials and discussing the problem with the companies? Now is the time to build new box cars to haul the grain from the particular marketing areas in western Canada to the ports. We have heard a lot about unemployment, and this would certainly help this problem as well. I should like to hear from the minister what is his reaction to the recommendations made by the MacPherson commission on transportation.

Mr. Prittie: Mr. Chairman, my remarks will be confined to the air services branch and air policy. First of all, I should like to make reference to the point raised by the hon. member for Lake St. John. He referred to the private bill introduced by the hon. member of St. Maurice-Lafleche to change the name of Trans-Canada Air Lines to Air Canada. I should like to say that I personally favour that change. It is a very simple name. I would not want to get into a discussion about how long it would take to repaint an aeroplane or a fleet, but if the decision were taken I think this could be worked out some time in advance.

A number of bodies in the country during the past year or two have made the suggestion that there should be a department of civil aviation set up quite apart from the Department of Transport. I think this is a very good suggestion and has merit, for several reasons. At the present time the Department of Transport, it seems to me, is an administrative colossus. This department has many branches for which it is responsible, such as the air transport board, the board of transport commissioners, the maritime commissioners and the Canadian National Railways. Then there are the various branches within the department such as air services, marine services and so on. It is a tremendously large department and it seems to me that air services, important as they are in Canada, merit a ministry and minister of their own and should not simply have an assistant deputy minister and be part of a larger department.

I think the suggestion of a department of civil aviation is merited on other grounds. Not only is the Department of Transport far too big, but the setting up of a separate department would be recognition of the very important part that civil aviation has played

in this country in the past and certainly will play in the future. I think the industry deserves that recognition.

I note, too, Mr. Chairman, in checking the proposed expenditures of the department that they amount to approximately $252 million for the next year for all branches of the department and $146 million of this total is for the air services branch. That branch alone under an assistant deputy minister spends more money than most other government departments, more money than citizenship and immigration, defence production, external affairs, fisheries, forestry, justice, mines and some others and is exceeded only by national defence, finance, labour, health, public works and veterans affairs. So I would hope that the government would give consideration to this particular point, that at some time in the near future we should have a separate department of civil aviation in Canada.

I have been studying at some length a publication issued recently by the department entitled "Canada In The Jet Age", a report on the Department of Transport air service needs for the period 1962 to 1972. The forecast of development of civil aviation for the next 10 years predicts the services necessary to handle the increased traffic. Certainly there will be considerable growth in civil aviation and the report gives some forecast of the amount of traffic, the number of landings, the amount of air cargo that will be carried and the expenditures which the department will have to make to meet the greatly increased use of aircraft in this country. There will be very great expenditure.

In examining some of the tables in the report I find that the first table gives a forecast of the approximate expenditures by the air services branch for the next 10 years. I note that the figure for the period 1962 to 1972 is approximately $1½ billion. I notice in table V that revenues are estimated at $303 million. One does not expect that revenues will equal expenditures because there are certain necessary public works that have to be undertaken from which there is no particular return. However, it seems to me that very little thought has been given to achieving any sort of balance in air service expenditures.

To give some examples, vast amounts are spent on the St. Lawrence seaway, but some thought is given to the tolls charged in order to achieve some sort of balance between expenditures and revenues. Similarly, in connection with the railways we also concern ourselves with rail revenues or subsidies. We do not achieve a balance, but at least we give some attention to it and worry about it. But it seems to me that this has not been taken into account, as far as I can determine, in estimating the expenditures for air services during the next decade. I would hope that this particular aspect would be the subject of further investigation.

I should also like to make one other point in this regard. When we think of the very large amounts that have to be spent, perhaps some of these expenditures should be looked at very closely to make sure that we do not end up with a number of white elephants on our hands because of technological change. At the moment I think of the Edmonton airport where a very large amount of money was spent. It is situated a great distance from the city and as a result airports close to the city are now being used for short runs to Calgary and other places. This is the sort of thing I mean when I say that some of these very large amounts should be examined most carefully.

With regard to revenues, Mr. Chairman, I do not know whether the department is receiving sufficient revenue from the commercial air lines for the services provided by it. It may be that it is sufficient, but I wonder whether this matter has been given close attention and I would refer again to the fact that proposed expenditures during the next decade are $1½ billion and estimated revenues are $303 million.

It also seems to me that the former government did themselves out of some revenue five years ago when they made the unfortunate decision to allow Canadian Pacific Airlines to engage in the transcontinental service. When this was being discussed it was predicted that there would be losses to Trans-Canada and hence to the government and the people and this proved to be true. I know that some of the losses incurred by Trans-Canada Air Lines during the past few years have resulted from the fact that they have had to equip themselves with jet aircraft. These are very expensive, and practically all air lines have had this experience. Nevertheless the losses they have incurred have been much greater than they would otherwise have been because of the fact that competition with Canadian Pacific Airlines was allowed. Trans-Canada had undertaken the basic cost of setting up the transcontinental service and what they lost to Canadian Pacific was simply profit taken right off the top. I do not think that this decision will ever be justified. We seem to be saddled with the situation now, but we must remember that this is money lost to the Canadian people in that they have had to make up the deficits of Trans-Canada in the last two or three years.

Two previous speakers, the hon. member for Three Rivers and the hon. member for

Lake St. John, have made a plea that Trans-Canada Air Lines should purchase their new jet aircraft from Canadair, and should purchase the Caravelle aircraft. It may well be that Trans-Canada will ultimately select this particular aircraft, but I believe that the corporation should be left free to make its own decision. Their hands are tied to a certain extent. From what we have heard today I believe they are committed to choosing an aircraft with a large amount of Canadian content, but there are two or three companies in competition to supply the aircraft. I should like to see this decision based upon economics and not upon what I would call political economy.

It has been proven in the past that this has been a good policy. Not too many years ago attempts were made to pressure Trans-Canada into buying the CL-44 aircraft and I think events have proven that their decision to obtain the DC-8 was the correct one, because for their particular use the DC-8 has been more versatile. I say again that I deplore the efforts made by politicians in this house to force the corporation to take a particular plane. I hope Trans-Canada is left free to make this decision themselves. They may come to the decision some members want but it should be an independent decision.

There is another matter related to air services to which I should like to make some reference at this time. I refer to a particular group of employees of the Department of Transport, employees who play a most important role in the operation of aircraft in Canada. These are the people who man the air control towers. I imagine that from time to time most members of this house who travel in aircraft are aware of the responsibilities of the pilot and crew. I am not at all sure that they are aware of the tremendous responsibilities which rest on the people who direct air traffic. This responsibility is growing year by year. As aircraft become bigger and faster, the importance of keeping them in the right place at the right altitude, and correctly spaced apart, becomes increasingly difficult.

I believe that this group of employees have made representations to the government concerning their pay and working conditions. If I may put it briefly, their pay is about 33 per cent lower than that of persons in the United States doing the same kind of work. I have watched them at work, and it is very nerve-wracking work. You sit for hours in front of a screen, guiding aircraft. In fact, close to the airport the air traffic controller is the actual navigator of the aircraft. I hope the department will give careful consideration to the representations of the air traffic controllers because they have a most responsible job and I believe they should be well rewarded for it.

Mr. Chairman, I should like to conclude on the point on which I started, namely, the necessity for a department of civil aviation in this country. I should like to read some appropriate sections from a recent editorial in the Montreal *Gazette* of June 8. I quote:

> The air transport association of Canada has submitted a set of recommendations to the Prime Minister which it believes would bring greater cohesion and harmony to the entire air transport field . . .
>
> To establish a department of civil aviation would be to alter the trend set by the formation of the Department of Transport in 1936, for the transport department combined marine, railway and civil aviation services.
>
> Yet there is much to be said for this recommendation. The responsibilities of the Minister of Transport are extremely heavy. The growth of the past 20 years has been sufficiently great to make it doubtful if any one person can really master all the duties for which the minister is directly or indirectly responsible.
>
> For in addition to administering the department, the minister must report to parliament for Canadian National Railways, Trans-Canada Air Lines, the national harbours board and other bodies. The field of civil aviation has undergone such an expansion that a separate department might well be justified, and the proposal deserves careful consideration.

Mr. Weichel: Mr. Chairman, I should like to direct a few remarks to the Minister of Transport in connection with the Waterloo-Wellington airport economic survey which has been mentioned to his deputy minister by the hon. members for Wellington South and Waterloo South. This airport has become so popular that extra accommodation is necessary in order to provide adequate service.

About three years ago, approval was extended by this department to the former government for lights which have been installed. This addition to the airport has encouraged the Waterloo-Wellington airport commission each year to go on to greater things. With this in mind, the airport commission has had a survey made which I understand has been sent to the deputy minister for his study. I sincerely hope that this department will give the economic survey serious consideration and will be instrumental in having steps taken to have some of the initial stages of the recommendations commenced as soon as possible.

As the minister is no doubt aware, the need for greater facilities at this fine airport is becoming urgent. A very comprehensive report has been prepared by Mr. W. O. Chisholm, a consulting engineer, as a guide for future development of the airport. The report was compiled with the co-operation of the officers of the Department of Transport in Toronto, and Mr. D. P. Glenn, director of civil aviation at Toronto has intimated that the

project will be progressed through Mr. J. R. Baldwin, deputy minister of transport, with the recommendation that an economic survey be made in order to secure authority to implement the first two stages of the plan as soon as possible.

For the information of the minister, I should like to advise him that the Waterloo-Wellington airport is located on a 658 acre site in Waterloo township near Breslau, Ontario. Serving primarily the counties of Waterloo and Wellington, the airport was constructed in 1948 with the aid of the federal Department of Transport and is operated by the Waterloo-Wellington airport commission. Represented on the commission in 1963 are the municipalities of Kitchener, Guelph, Galt, Waterloo, Preston, and Waterloo township. The members of this commission are outstanding citizens of our area and have given much of their time and money to bring about the excellent progress that has been made.

The airport consists of two surface runways and a grassed strip, in a triangular layout. The prevailing winds favour the two surfaced runways for the major part of the time. Published information regarding the airport is as follows: airport elevation, 1,030 feet; runway 13-31, 4,100 feet; runway 7-25, 3,700 feet; grass strip, 2,800 feet; runway 13-31 is lighted for night flying. Aircraft fuel and maintenance services are available as well as hangar storage facilities.

The airport is the headquarters for the Waterloo-Wellington flying club, and Swift Airways Limited has established a commercial aircraft centre at the site. In all, the airport is being operated very progressively and is situated in the centre of a prosperous business and industrial complex. The design and development of the original airport was well planned and the site is well suited. With few exceptions the surrounding land use is presently agricultural, so that any necessary additional restrictions in the area may be imposed at this time with a minimum of difficulty. There is a keen interest in flying in this area, as well as an increasing business use and realization of the importance of the airport facilities. Yes, this airport is very important, as we have well over 600 industries in Waterloo North, Waterloo South and Wellington South counties, along with many others within a radius of 25 miles.

Considering the relatively short time the airport has been in existence, the activity which has developed is remarkable. This activity has reached the point where taxiway facilities and a plan for future development are required. It is my sincere hope that in the near future members of the Waterloo-Wellington airport commission may have the opportunity of meeting with the minister and his deputy so that this economic survey may be fully discussed. Then, perhaps, in the near future this airport may become one of Canada's most important in the handling of commercial and passenger plane service.

Mr. Barnett: Mr. Chairman, there are two or three matters I should like to discuss briefly while we are on the first item of the estimates of the Department of Transport. There are some other matters I might prefer to bring up when we get to the details of the estimates. Like other members, I am pleased that the new Minister of Transport is having an early opportunity of bringing in the estimates of his department for the consideration of the committee. I think all hon. members have appreciated the constructive, co-operative attitude which the minister displayed in answering various questions put to him so far.

I wish to deal briefly with the alteration announced for harbour commissions. Earlier the minister referred to the fact that certain legislation was being introduced in the other place. I have no idea what approach that legislation is going to take, but I think it indicated there would be some move to co-ordinate more closely the operations of the national harbours board and the various independent harbour commissions across the country. I hope this may have some relation to the information brought to my attention, that the two appointees of the government to the Port Alberni board of harbour commissioners have received notice that their term of office will not be renewed.

Up to a point I would not deny that there may have been certain political overtones in the appointment of the commissioners whose terms are expiring, but other commissioners connected with that board hope that appointees will not be decided from a political point of view. Going back to the genesis of the Port Alberni board of harbour commissioners, there were certain political aspects to that situation which involved certain internal relations within the minister's party. Although I have never been associated with his party, I may have become better acquainted with those details than the minister himself. However that is ancient history, and the only reason I bring it to his attention is that I hope when he may be considering the renewal of terms of office of government members he will not be governed entirely by political considerations.

Another relatively minor matter I wish to raise has to do with the radio regulations and the situation that governs the installation of radio broadcasting and receiving equipment, particularly in the marine field on the Pacific coast. I have made some inquiries as to the

availability of a consolidation of the regulations issued, and according to the best of my information the current regulations are not available in consolidated form. I suggest they should be made available in that form to all hon. members, to those who sell the equipment and to those who instal it. I also hope such a consolidation could be easily kept up to date, without those concerned having to consult the various issues of the Canada Gazette, part II, where various amending regulations appear from time to time.

While the old saying that ignorance of the law is no excuse, may be a fine principle in theory, I believe hon. members would agree that as regulations become more and more complex, particularly in the technical fields, provision should be made by this house whereby the public can have easy access to a knowledge of the law, particularly where it exists in regulatory form under the authority granted by parliament to the governor in council.

Another matter I wish to raise involves a question of principle. A situation has developed which requires a re-assessment of the terms of reference which have been given to the air transport board in the performance of the duties assigned to it under the Aeronautics Act. I am referring to a situation in which one of the air lines on the west coast, Pacific Western Airlines, was involved in a strike with certain of its employees. The air transport board, in accordance with the principles under which it operates, had given authority to Pacific Western Airlines to operate what constituted a monopoly in transportation service on their class 1 route between Vancouver and Port Hardy. However, when the strike developed, in accordance with the established principles of labour legislation the unions concerned established picket lines.

Many of the normal patrons of Pacific Western Airlines are members of unions and they object quite strongly to the idea of crossing a legally established picket line. This situation put the air transport board in a rather invidious position, because its members apparently understood their terms of reference to apply only within the narrow confines of the text of the Aeronautics Act. In effect, by their action they placed people in the position where they had the alternative of crossing a picket line or not being able to travel freely between their normal place of work and the place where many of them live. The loggers of the Pacific coast are organized into a union, the international woodworkers of America, and the union took steps to enable its members to avoid the dilemma in which they had been placed. They had no transportation at all, or they had to travel by a very roundabout, circuitous, time consuming and expensive route.

In order to solve this dilemma the union tried to arrange to charter an aircraft from one of the other air lines, which would in effect have enabled the members of that organization to get back and forth without the necessity of using the facilities of Pacific Western Airlines while this strike was in progress. They made the charter arrangement, and one flight actually took place on April 2 this year. However, the air transport board took the initiative and ordered B.C. Air Lines, which was the firm from which the charter had been obtained, to cease and desist operating under any such charter, on the ground that it roughly paralleled the flight route of the established P.W.A. class 1 service and was in effect an attempt to circumvent the decision of the air transport board to grant that licence.

I would not suggest that in the ordinary terms of reference this particular arrangement was not, in effect, one which would have circumvented the protection which had been granted to Pacific Western Airlines in operating their class 1 service. But I would suggest that the minister and this house should make it clear that in circumstances such as these the air transport board should operate under somewhat broader terms of reference than they in fact operated under in this case. I think few hon. members of this house—at least, I hope few hon. members of this house—would question that there is the well established right for citizens in a free country to choose not to cross a picket line which has been established as a result of a labour dispute. I think that should be recognized as being a very basic, individual freedom in this country. To my mind it is a matter of great regret that a body set up and operating under the authority of parliament should have followed a course of action which in effect denied that right to certain Canadian citizens.

For this reason, Mr. Chairman, I certainly hope the minister will take a lead in seeing that the terms of reference of the air transport board are such that a similar situation will not again develop. As a matter of fact, as I understand the present provisions of the Aeronautics Act it is quite within the powers of the air transport board and the minister, or of the governor in council, to deal with a situation such as this as and when it arises. Section 13 of the Aeronautics Act says:

> Subject to the approval of the governor in council, the board may make regulations:

Then it gives quite a list of them. Paragraph (f) says:

> Excluding from the operation of the whole or any part of this part or any regulation, order or

direction made or issued pursuant thereto, any carrier or commercial air service or class or group of air carriers or commercial air services;

I would suggest that within the authority of the air transport board and the governor in council there is, under the present provisions of the Aeronautics Act, authority for the air transport board, with the approval of the governor in council, to exercise the proper discretionary powers that are set out in section 13, which would have covered a situation of the kind I have been attempting to describe to the committee. The proper course of action in this instance would have been for the air transport board to raise this matter with the governor in council, with a recommendation that for the duration of this particular dispute the normal provisions of the protected class 1 licence under which Pacific Western Airlines was operating should not apply in a way which would, in effect, give Pacific Western Airlines a monopoly position when the union concerned, at its own expense and for the benefit entirely of its own membership, was prepared to make an arrangement which would enable those members so desiring to avoid crossing this picket line.

As other hon. members have said, the ramifications of the Department of Transport are very wide and varied. There are a great many matters which I would like to bring forward at this time. However, I have selected what I considered to be the most important matter of broad principle involving the general administration of the department and the agencies under the jurisdiction of the Minister of Transport. This matter has come to my attention since last I had an opportunity of rising on the estimates of this particular department; for that reason I have decided to confine my remarks, at least on the first item of the estimates of the department, to this particular subject and to the other two matters which I mentioned earlier.

Item stands.

Progress reported.

BUSINESS OF THE HOUSE

Mr. McIlraith: Mr. Speaker, the business submitted to the house for Monday will be as indicated by the Secretary of State yesterday; that is, the appropriations bill and the economic council legislation.

Mr. Churchill: Mr. Speaker, that is a much clearer exposition of the business for next week than we have yet heard this session.

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

HOUSE OF COMMONS

Monday, July 15, 1963

The house met at 2.30 p.m.

PRIVILEGE

MR. CHEVRIER—PROVISIONS OF FINANCIAL ADMINISTRATION ACT RESPECTING VALIDITY OF CERTAIN APPOINTMENTS

Hon. Lionel Chevrier (Minister of Justice): Mr. Speaker, I rise on a question of privilege. On Friday the hon. member for Winnipeg North Centre (Mr. Knowles) rose on a question of privilege, as reported at page 2121 of *Hansard*, which I think I can summarize. I quote:

> My point of privilege is that what we now have is precisely what we had last June. We have the government construing that the Financial Administration Act or regulations made under it gives them authority to do something which the act itself says cannot be done. The Financial Administration Act says that no appointments by the treasury board can be made under it.

The hon. member's statement in this respect is not correct. If hon. members would look at section 5(2) of the Financial Administration Act they would find it provides that the governor in council may authorize the treasury board to exercise all or any of the powers, other than powers of appointment, of the governor in council under the Civil Service Act, the Civil Service Superannuation Act, the Defence Services Pension Act, and parts II to VI of the Royal Canadian Mounted Police Act.

The action taken was not under any of the foregoing acts, nor was it an "appointment". Section 39 of the Financial Administration Act authorizes the governor in council to make regulations with respect to the conditions under which contracts may be entered into, and it was pursuant to these regulations that the contracts were made. Section 5(2) of the Financial Administration Act has no application whatever to the present situation.

MR. KNOWLES—MOTION FOR REFERENCE TO COMMITTEE OF SESSIONAL PAPER 39B

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, on the question of privilege may I suggest that what I indicated on Friday was that the opinion in the name of Mr. Driedger tabled by the Prime Minister indicated that though it was purported that these arrangements were made under the government contracts regulations in accordance with section 39 of the Financial Administration Act, they do not come within the terms of the government contracts regulations themselves, as Mr. Driedger himself pointed out.

It seems to me that since we have had a question of privilege and a counter question of privilege raised in connection with the subject, the matter should be gone into. I therefore move, seconded by the hon. member for Burnaby-Coquitlam:

> That sessional paper No. 39B be referred to the committee on privileges and elections for study and report.

Mr. Speaker: I appreciate the remarks of both hon. gentlemen, but I am sure the house will realize that I should like to study the matter a little more thoroughly to make sure there is a prima facie case. Perhaps the house would agree to let me reserve further remarks until tomorrow, and the mover of the motion could let the motion stand until then.

Mr. Knowles: I will be happy to let the motion stand as notice until Your Honour has considered the matter.

MISCELLANEOUS PRIVATE BILLS

Third report of standing committee on miscellaneous private bills—Mr. Wahn.

LABOUR RELATIONS

NORRIS COMMISSION—TABLING OF REPORT

Hon. A. J. MacEachen (Minister of Labour): Mr. Speaker, hon. members will be interested to learn that I am today tabling the report of the industrial inquiry commission appointed to investigate and report on the disruption of shipping in the great lakes and the St. Lawrence river system. The schedule of this report will be tabled later when it is printed.

Hon. Mr. Justice Thomas G. Norris was appointed an industrial inquiry commission just over a year ago to carry out this investigation. As hon. members know, he has conducted an exhaustive inquiry into a very difficult situation, and merits the thanks of all Canadians for the painstaking public service he has given at much personal inconvenience to himself.

Officials of my department and of others will be examining the report and its recommendations to see what further action may be necessary. It has been arranged that hon.

members will be receiving copies of the report from the queen's printer as soon as possible. Copies are also being released to the parties concerned, and to the press.

[*Later:*]

On the orders of the day:

Hon. Michael Starr (Ontario): Mr. Speaker, I should like to address a question to the Minister of Labour based on his announcement of the tabling of the Norris commission report. If I understood him correctly he said that the interested parties and the press would receive copies of the report now but that members of parliament would receive them as soon as possible. Could an effort be made so that members of parliament might receive copies simultaneously with the press?

Hon. A. J. MacEachen (Minister of Labour): Mr. Speaker, I think the words "as soon as possible" were unfortunate. My understanding was that copies would be available to all hon. members as soon as the announcement was made in the house. I hope they are in the letter boxes now.

DOMINION-PROVINCIAL CONFERENCE

TABLING OF LETTER SUGGESTING MEETING ON JULY 26-27

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, I should like to table copies in English and in French of letters which were mailed last Friday to the premiers of the provinces, in which I have suggested it would be valuable to hold an early and preliminary federal-provincial meeting, and I have proposed July 26 and 27 as possible dates for such a meeting.

I should like to inform the house, because it has a bearing on this invitation, as to the government's intentions regarding the conference and the business of the house which is related to it. If a conference can be held on the dates suggested the government will not propose to proceed this week or next week with the second reading of the bill designed to promote employment by financial assistance, in the form of loans with provincial approval, to enable municipalities to augment or accelerate their capital works programs.

The government plans to proceed with the bill during the week following the conference, that is the week of July 29, which could be the last week before the house adjourns. This is legislation which it is urgent to have in force soon so the municipalities can plan their work for this winter with knowledge of the financial assistance for which their representatives have repeatedly asked and which the government believes to be desirable for the encouragement of employment. By proceeding with the bill in two weeks time we will be acting with the necessary urgency, and we will at the same time make it possible to incorporate in the bill any changes which, in the light of the federal-provincial discussions, the house may think desirable.

At this preliminary conference, Mr. Speaker, the federal government proposes that there should also be discussion of another matter of common interest to Canada and to the provinces, namely pensions. In order to facilitate these discussions it is the government's intention to move on Thursday of this week the resolution concerning legislation for the Canada pension plan. At that time the Minister of National Health and Welfare will give to the house a fuller statement about the government's proposal. There will thus be available the information required for discussion of pension policy by the house, by the public generally and by the provincial governments at the proposed meeting.

It will be the government's intention also to consider with the provinces at this preliminary meeting arrangements for a federal-provincial conference later in the year. This meeting will provide for full discussion of fiscal arrangements and other matters which are of common interest to the provinces and to Canada.

Right Hon. J. G. Diefenbaker (Leader of the Opposition): Mr. Speaker, the announcement by the Prime Minister that consultations will now take place with the provinces in respect particularly of the anticipated legislation concerning municipal loans, is one that should have been made before the legislation was introduced at all. Consultation with the provinces does not take place when a government decides on a course and places legislation on the order paper; and then when objection is raised by a premier or premiers, however powerful they may be, the government finds that it must retreat from a position previously taken. However, I suppose consultation, whether early or late, ought to be welcomed as evidence on the part of the government that it realizes now it was in the wrong when it proceeded as it did.

Second, with regard to the pension legislation, I suggest that if there is any need of co-operation on the part of the provinces then the government might consider doing something that has been generally requested by old age pensioners across Canada. If there is any question as to the degree to which this legislation can be implemented without provincial assistance and co-operation; if there is any difficulty in that connection, it has been widely suggested that the government might bifurcate this bill and introduce immediately the provision for the $10 per

month increase in the old age pension. Then, in view of the ever increasing cost of living, the old age pensioners would not have to wait until autumn or until next winter.

However, in summary I say that repentance is good for the soul, and the government having decided on consultation, something that was suggested by hon. members in the official opposition, that is naturally appreciated even though it is late.

Mr. R. N. Thompson (Red Deer): Mr. Speaker, regarding the announcement which the Prime Minister has just made to the house, I believe he and all of us realize that if there could have been the proper consultation with the provinces before these resolutions were introduced he probably would have avoided the problems which are being faced right now. There is certainly a great deal of urgency in regard to the municipal development and loan fund legislation, and I am sure if the provinces are permitted to carry out the regulations under the resolution which the government has placed before us there will be co-operation from all the provinces.

There is also a certain amount of urgency in regard to the national pension scheme. It relates to the portability of pensions and to the financial arrangements. Again we must realize, particularly at this point in the history of Canada's development that none of these things can be carried on without complete consultation with the provinces, which we in this party trust will come about as a result of the conference which the Prime Minister has called.

Mr. T. C. Douglas (Burnaby-Coquitlam): Mr. Speaker, I am sure that members of this group will welcome the Prime Minister's announcement that a meeting with the premiers is to be held to discuss the municipal development and loan fund legislation. This legislation was introduced with great fanfare. The municipalities were told how much this would help them in solving the unemployment problem and planning their work for next winter. It is, therefore, most important that it be passed as early as possible.

It is a great pity that there was not consultation with the provinces prior to the introduction of this legislation, but I do want to compliment the Prime Minister on stating that after the conference with the premiers has been held he does intend to proceed, and he is not going to allow any obstruction to be placed in the way of proceeding with legislation which is highly desirable and greatly needed in this country.

I am sure the Prime Minister does not want the 60 days of decision to be followed with 60 days of derision, and this is what will happen unless this important piece of legislation is proceeded with at an early date.

With reference to the pension legislation, we in this group have been urging for some time that if there is going to be any delay in proceeding with the legislation—and we hope there will be the minimum of delay—certainly the government can have no fears at all about proceeding with the $10 a month increase in the old age security pension. That at least would be an interim step, and there is no reason for it to wait until constitutional problems have been worked out with the provinces. So far as this group are concerned we would be prepared to proceed on that basis, by separating the increase in the old age security pension from the Canada pension plan.

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

[*Later:*]

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, may I direct a question to the Prime Minister. The purpose of my question is to seek clarification of the welcome announcement he made that the resolution in respect of the Canada pension plan would be called on Thursday of this week. When he made the announcement he said the Minister of National Health and Welfare would set out all the details of the plan, and that leads to this question. Is it the intention to have just the speech of the minister, or will the debate on the resolution continue with a view to having that debate concluded and the bill introduced and given first reading?

Right Hon. L. B. Pearson (Prime Minister): It is the intention of the government to arrange proceedings so that the minister will have an opportunity to tell the house our views on this matter, and I would hope that the same day the party leaders would have an opportunity to express their views on the statement made by the government. The future procedure with regard to this matter will have to depend on the progress made in connection with other matters.

DOMINION-PROVINCIAL RELATIONS

MUNICIPAL LOAN LEGISLATION—TABLING OF QUEBEC RESOLUTION AND LETTER

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, I wish to table copies in English and French of a letter addressed to me on July 11 by the premier of Quebec concerning Bill No. C-76.

D.E.W. Line Stations

Right Hon. J. G. Diefenbaker (Leader of the Opposition): Would the Prime Minister agree to have it printed as an appendix to *Hansard*?

Mr. Pearson: I see no reason why it should not be, if the house is agreeable, and I think perhaps the other letter I have just tabled should be printed in *Hansard* as well.

Mr. Speaker: Is it agreed?

Some hon. Members: Agreed.

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

NATIONAL DEFENCE

D.E.W. LINE—ANNOUNCEMENT OF DISCONTINUANCE OF SOME STATIONS

Hon. Paul Hellyer (Minister of National Defence): Mr. Speaker, in 1955 Canada and the United States signed an agreement for the establishment of the distant early warning line on Canadian territory as part of a comprehensive North American control and warning system. This agreement was announced in the House of Commons on May 20, 1955.

Recently the United States government suggested to the Canadian government that a reappraisal of the effectiveness of the D.E.W. line indicates that certain adjustments may be made in the equipment configuration and still provide acceptable early warning. The new configuration would permit the discontinuance of 28 of the smaller D.E.W. line stations.

The Canadian government has agreed to the United States government's plan and the necessary arrangements are being made by the authorities of both governments. The affected facilities will be disposed of in accordance with existing agreements between the two governments.

Twenty intermediate D.E.W. line stations located in Canada, and eight in Alaska, will be closed. Approximately 123 Canadian and 60 United States citizens will be affected by this action. They are employees of the Federal Electric Co., Paramus, New Jersey, which has a United States air force contract for the operation and maintenance of the D.E.W. line.

[*Later:*]

On the orders of the day:

Hon. W. G. Dinsdale (Brandon-Souris): Mr. Speaker, I should like to direct a question to the Minister of National Defence arising out of his statement on the D.E.W. line changes. Could the minister inform the house if those changes took into consideration the diminishing bomber threat?

Hon. Paul Hellyer (Minister of National Defence): No, Mr. Speaker, but I know that because of the portfolio he previously held

[Mr. Pearson.]

my hon. friend will be interested to hear that every effort is being made to use the facilities as constructively as possible.

[*Later:*]

Hon. D. S. Harkness (Calgary North): Mr. Speaker, I should like to direct a question to the Minister of National Defence consequent upon the statement he made earlier about the D.E.W. line stations. Can the Minister inform the house how many D.E.W. line stations will remain in operation in Canada after the suspension which he has mentioned?

Mr. Hellyer: No, Mr. Speaker, I cannot give that figure.

Mr. Harkness: May I ask the minister why he cannot give the figure? The total number of stations in existence has been given on many occasions, and if the minister knows what the figure was he should be able to tell us how many are left.

Mr. Hellyer: The immediate reason I cannot give it is that I cannot recall it.

AGRICULTURE

SUNFLOWER SEED—ANNOUNCEMENT OF PRICE SUPPORT FOR 1963

Hon. Harry W. Hays (Minister of Agriculture): Mr. Speaker, I wish to inform the house that the agricultural stabilization board has been authorized to continue to provide support to producers of sunflower seed for crushing. Support for the 1963 crop will be provided by a deficiency payment program, the support being set at 4.22 cents per pound for Canada No. 1 grade, 10 per cent moisture, sunflower seed of the 1963 crop, basis delivery at the crusher. This support is 100 per cent of the base price, which is the average price received by farmers over the previous ten years, and is the same level as was in effect for the 1962 crop.

FINANCE

DISTRIBUTION OF COPIES OF BUDGET SPEECH—TABLING OF FURTHER INFORMATION

Mr. E. J. Benson (Parliamentary Secretary to Minister of Finance): Mr. Speaker, on behalf of the Minister of Finance, with the permission of the house I should like to table information promised the hon. member for Pontiac-Temiscamingue (Mr. Martineau) in answer to question No. 614. I refer hon. members to page 1484 of *Hansard* of June 24, 1963.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

RAIL FACILITIES, PIER C, PICTOU, N.S.

Question No. 384—**Mr. MacEwan:**

Has the Minister of Transport received a submission from the board of trade of Pictou urging sufficient rail installations on new pier C at Pictou, Nova Scotia and, if so, what action does the government intend to take in this regard?

Mr. McIlraith: Yes. The question is being examined by the departments of public works and transport and will be decided as soon as possible.

BELLA BELLA AND KLEMTU INDIAN COMMUNITIES, B.C.—HOUSING EXPENDITURES

Question No. 650—**Mr. Howard:**

For each fiscal year since April 1, 1960, how much money was spent for housing purposes in the Indian communities of (a) Bella Bella and (b) Klemtu (Kitasoo), and how many new houses were built in each such community?

Mr. Munro:

	(a) Bella Bella	(b) Klemtu (Kitasoo)
1960-61	$ 14,786.29	nil
1961-62	10,714.00	$ 2,700.00
1962-63	12,072.09	2,746.00
New houses		
1960-61	7	nil
1961-62	4	1
1962-63	4	1

AIR TRANSPORT BOARD SUBSIDY POLICY

Question No. 779—**Mr. Fisher:**

1. Is the air transport board satisfied that Transair Limited is not suffering a monthly operating loss on its recently acquired prairie runs and, if not, has the air transport board given consideration to recommending a subsidy to Transair currently or as soon as the cumulated losses reach the value of the equipment and parts given Transair by T.C.A.?

2. What is the policy of the air transport board in assigning or awarding air line passenger franchises where the revenue anticipated cannot meet the operating costs?

3. Does the air transport board know whether the carriers which previously serviced these routes, or parts of them, suffered operating losses or gave evidence that they did and, if so, what was the scale of these losses for each carrier by year over the past five years?

Mr. McIlraith: 1. The matter of subsidy to Transair Limited has not been considered. The route is being operated in a different manner from the former operation, and any future requirements would have to be assessed on the basis of operating experience.

2. Applicants for licences must meet the criterion of public convenience and necessity or public interest, depending on the class of licence applied for. The economic feasibility of the operation is a relevant factor in the board's consideration of such applications. The board considers that a completely new service should have a reasonable prospect of at least meeting out of pocket costs in the initial stages, and that there should be reasonable prospect in the long run that the service will be fully self sufficient.

3. Yes, the board is aware that carriers which previously served the prairie runs suffered operating losses although detailed financial evidence was not submitted by T.C.A. in its application to abandon the south prairie route. Pacific Western Airlines Limited operated the north prairies route at a loss, and was in receipt of a government subvention of up to $25,000 per month. The board does not know the amount of losses specifically attributable to the route as it is now operated.

SALE OF PLANES AND PARTS BY T.C.A. TO TRANSAIR

Question No. 780—**Mr. Fisher:**

1. Is it the practice when a crown corporation sells equipment or parts to a private organization for the revenue received to be in the public domain?

2. If not, what reasons were developed to support this secrecy?

3. If so, why does T.C.A. not reveal what revenue it received from the sale or exchange of planes and parts with Transair Limited?

Mr. McIlraith: 1. and 2. In the operations of Trans-Canada Air Lines equipment is bought and sold in accordance with normal commercial practice. Purchase or selling prices are not a matter of public record.

3. Funds derived from the sale of aircraft and parts are not revenue and are recorded in the company's financial returns as recovery of capital.

PARLIAMENTARY GUIDE

Question No. 797—**Mr. MacRae:**

1. Does the government of Canada purchase copies of the Parliamentary Guide each year and, if so (a) how many copies (b) at what price per copy?

2. Have any representations been made concerning the accuracy of this publication?

Mr. Pickersgill: 1. (a) By direction of treasury board, orders for the Canadian Parliamentary Guide are submitted to the national librarian for approval. The national librarian approved the purchase of 854 copies of the 1962 edition and 934 copies of the 1963 edition.

(b) List price of the 1962 edition was $6 per copy; price of the 1963 edition was $7 per copy.

2. No information.

COMMUNITY PASTURES, MANITOBA

Question No. 819—**Mr. Stefanson:**

1. How many community pastures have been established under the P.F.R.A. program in the province of Manitoba since June 21, 1957, and (a) where are they located (b) what is the area in acres and (c) the cost of each?

Questions

2. What community pastures are at present under development in Manitoba, and for each what is the (a) area in acres (b) number of cattle that can be pastured (c) cost of each and (d) when will each be in operation?

3. When and where were meetings held with local residents to discuss these proposed community pastures, and who were the government officials in attendance?

Mr. Beer:

Cote-San Clara
(Saskatchewan-Manitoba as one unit)
Dauphin-Ethelbert
Gardenton

McCreary

Turtle Mountain

Wallace

(a) Location	(b) Area	(c) Cost
Togo, Saskatchewan (b and c—Manitoba portion only)	8,320 acres	$ 60,248.12
Ukraina, Manitoba	23,400 acres	$126,851.00
Gardenton, Manitoba	12,560 acres	$ 74,944.83
McCreary, Manitoba	71,820 acres	$258,934.98
Boissevain, Manitoba	23,870 acres	$146,399.91
Virden, Manitoba	10,240 acres	$ 65,207.98

2.	(a) Area	(b) No. of Cattle	(c) Cost	(d) Year Expected to be in Operation
Pasquia, The Pas, Manitoba	16,600 acres	4,000 to 5,000	$180,000	1965
Narcisse, Narcisse, Manitoba	31,360 acres	2,200 to 3,000	$161,400	1964
Lenswood, Lenswood, Manitoba	30,800 acres	2,000 to 3,000	$136,700	1964
Pansy, Pansy, Manitoba	9,440 acres	1,000 to 1,500	$ 99,000	1964
Mossey-River-Ethelbert, Ethelbert, Manitoba	69,920 acres	3,000 to 4,000	$191,500	1964

3. No meetings have been held as yet with local residents nor are any contemplated until construction has been completed, at which time meetings will be convened for the purpose of organizing community pasture grazing associations. Meetings to date have been confined to those held with municipal and provincial officials.

PAROLES DENIED BECAUSE OF SUPERVISION LACK

Question No. 835—**Mr. Matheson:**

1. Are paroles from penitentiaries, provisional gaols, reformatories, training centres and industrial farms now being (a) denied or (b) deferred or (c) cancelled or (d) revised because of inadequate supervision facilities?

2. If the answer to any of the above is in the affirmative, what proposals, if any, does the government have to remedy this situation?

Mr. Macdonald: 1. (a), (b), (c) and (d). Parole supervision is, at the present time, a shared responsibility of field officers of the national parole service, of staff members of provincial probation services and of case workers of private after care agencies. There exists a scarcity of trained and experienced personnel. Paroles, therefore, have at times been deferred or delayed or sometimes denied either for lack of supervision facilities at the proposed point of release or because the existing facilities are not adequate to provide appropriate counselling or surveillance.

2. The problem is receiving attention.

[Mr. Stefanson.]

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*CANADIAN FORCES FOR UNITED NATIONS

Question No. 852—**Mr. Knowles:**

1. Has Canada made a specific offer to the United Nations to turn over thereto part of Canada's armed forces and, if so (a) on what date or dates was any such offer made (b) what were its terms (c) what has been the response of the United Nations to any such offer (d) are there any communications between Canada and the United Nations on this subject and (e) can they be produced?

2. Does Canada maintain a stand-by battalion or other unit or units available to the United Nations at any time and, if so, what battalion or other unit or units have been so designated?

3. Has the United Nations been advised of the availability of such a battalion or other unit or units and, if so (a) are there any communications relating thereto and (b) can they be produced?

Mr. Martin (Essex East): 1. (a), (b), (c), (d) and (e). No general offer has been made to turn over to the United Nations elements of the Canadian armed forces. At the time of the Korean conflict and the Suez crisis offers of a military contingent were made. For the most part, personnel units and equipment from the Canadian armed service have been provided in response to specific requests from the United Nations, the most recent being in connection with the peace keeping operation in Yemen. No communication in regard to the general availability of Canadian armed forces has been made to the United Nations, but the Canadian position is known to the United Nations.

2. Yes. At present the stand-by unit is the first battalion, Royal 22nd Regiment.

3. (a) and (b). The United Nations has not been formally advised about the availability of the Canadian stand-by battalion but this arrangement has been a matter of announced Canadian policy which has been expressed in the house and on public platforms from time to time, and is known to the United Nations.

CAPE BRETON HIGHLANDS PARK—EMPLOYMENT OF ALBERT BOUDREAU

Question No. 874—**Mr. Muir (Cape Breton North and Victoria):**

Did Mr. Albert Boudreau of Point Cross, Inverness county, apply for employment this season at the Cape Breton Highlands national park and, if so (a) what are his qualifications (including experience) for such work and (b) for what reasons was Mr. Boudreau not reemployed?

Mr. Turner: (a) General labour, including duties as clean up man in camp grounds (five years experience).

(b) Seasonal positions had been filled before Mr. Boudreau indicated his interest in further employment.

*RESEARCH PERSONNEL FOR MEMBERS OF PARLIAMENT

Question No. 876—**Mr. Knowles:**

Questions

1. Is consideration being given by the government to the provision of research personnel for the private members of the House of Commons?
2. If so, when will such provision become effective, and to what extent?
3. If not, will the matter now be given consideration?

Mr. Pickersgill: Mr. Speaker, there is no specific consideration being given by the government at the moment to any definite plans for additional research assistance to members, but the matter is viewed sympathetically by the government and perhaps could be a matter to be raised on the estimates for the house.

*CONTRACTS WITH OUTSIDE CONSULTANTS, FINANCE DEPARTMENT

Question No. 877—**Mr. Knowles:**

1. Have the contracts entered into with Mr. D. C. H. Stanley, Mr. M. P. O'Connell and Mr. G. R. Conway, under treasury board minute T.B. 610618, dated May 2, 1963, and with Mr. R. J. Anderson, under treasury board minute T.B. 610952, dated May 17, 1963, been terminated?
2. On what date did each of the above commence his service with the Department of Finance?
3. On what date did each of the above terminate his service therewith?
4. What was the total amount of money paid to each of the above as travelling expense, per diem living allowance, and per diem fee?

Mr. Benson: 1, 2 and 3. Yes.

	Commenced	Terminated
Mr. D. C. H. Stanley	April 22, 1963	June 20, 1963
Mr. M. P. O'Connell	April 22, 1963	June 20, 1963
Mr. G. R. Conway	April 21, 1963	July 1, 1963
Mr. R. J. Anderson	May 7, 1963	May 16, 1963.

4. Although the respective claims have not all been settled, it is expected the totals will be approximately as follows:

Mr. D. C. H. Stanley, travelling expenses, $52.65; per diem living allowance, $1,500.00.

Mr. M. P. O'Connell, travelling expenses, $25.15; per diem living allowance, $1,500.00.

Mr. G. R. Conway, travelling expenses, $507.16; per diem living allowance, $1,487.50; per diem fee, $3,250.00.

Mr. R. J. Anderson, travelling expenses, $50.00; per diem living allowance, $225.00.

ARTIFICIAL COLOURING IN FOODS

Question No. 878—**Mr. Knowles:**

1. Has the Department of National Health and Welfare made a recent review of the regulations concerning artificial colouring permitted in foods or food products and, if so, what particular foods or food products have been studied?
2. Has it been determined that the proportion of artificial colouring allowed in any such foods or food products should be reduced, and for what reasons?
3. Is action being taken, either by the proposing of legislation or by amending the appropriate regulations, along these lines and, if so, what action?

Mr. Haidasz: Yes, the food and drug directorate of the Department of National Health and Welfare has during the past year been reviewing the food colour regulations. This review has encompassed all food colours and all uses that are permitted under the current regulations.

2. The directorate is considering a reduction in the current maximum permissible level for added synthetic colours in food, which now is equivalent to 286 parts per million, in order to minimize any possible hazards to health from these compounds.

3. Proposed amendments to the food colour regulations were circulated in 1962 to the industries concerned and have, in conjunction with proposed regulations for food additives since been under further study in the

department. Amendments to the food colour regulations are expected to be promulgated within the next few months.

COST OF CANADIAN NORAD COMMITMENTS

Question No. 882—**Mr. Douglas:**

What was the cost or what is the estimated cost, to Canada for carrying out our commitments under (a) NORAD (b) NATO, in the fiscal years (i) 1960-61 (ii) 1961-62 (iii) 1962-63 (iv) 1963-64?

Mr. Hellyer: (a) Canada has no direct financial commitment to NORAD. The direct costs of the air defence forces in Canada are estimated as follows:

Fiscal Year: (i) 1960-61, $156,212,000; (ii) 1961-62, $182,127,000; (iii) 1962-63, $171,846,000; (iv) 1963-64, $138,734,000.

(b) Estimated direct costs of Canadian forces committed to NATO:

Fiscal Year: (i) 1960-61 $408,916,000; (ii) 1961-62, $455,545,000; (iii) 1962-63, $465,129,000; (iv) 1963-64, $415,598,000.

Note: Air defence cost as shown above are the estimated direct expenditures on the R.C.A.F. forces assigned to the air defence of the Canada-U.S. region. These figures do not include indirect costs such as training, logistics suport, command and administration.

NATO costs as shown above consist of the direct costs of the army brigade and the air division in Europe, the R.C.N. and R.C.A.F. forces earmarked for SACLANT and direct expenditures on mutual aid including contributions to infrastructure and NATO budgets. These figures do not include indirect costs of the type referred to in the previous paragraph.

COST OF CANADIAN UN COMMITMENTS AND EXTERNAL AID

Question No. 883—**Mr. Douglas:**

What was the cost or what is the estimated cost, to Canada for carrying out our commitments under (a) the UN (b) the Colombo plan (c) other forms of aid to underdeveloped countries in the fiscal years (i) 1960-61 (ii) 1961-62 (iii) 1962-63 (iv) 1963-64?

Mr. Martin (Essex East): (a) The following table shows the cost or estimated cost to Canada of Canadian membership or participation in the activities and programs of the United Nations family of organizations during the Canadian fiscal years 1960-61 to 1963-64.

EXPENDITURES OR ESTIMATES

CANADIAN FISCAL YEARS

Assessments	1960-61	1961-62	1962-63	1963-64
	$	$	$	$
United Nations				
United Nations regular budget	1,859,603	2,181,364	2,302,503	2,749,905 E
UNEF special account	882,916	315,724	—	1,005,000 E
ONUC *Ad Hoc* account	1,489,758	5,796,169	—	4,047,000 E
Geneva conference on Laos	—	10,265	—	—
Specialized agencies and IAEA				
ILO	340,801	394,216	511,186	564,590 E
FAO	374,611	626,947	645,679	777,512 E
UNESCO	425,377	488,780	567,838	615,406 E
ICAO[3]	192,496	180,313	227,775	222,984 E
UPU	18,823	21,138	20,000E	23,200 E
ITU	109,005	126,035	129,199	147,600 E
WHO	535,870	712,263	948,976	1,046,597 E
WMO	13,793	14,959	17,894	23,787
IMCO	10,983	8,549	7,600	8,648 E
IAEA (administrative budget)	171,018	165,408	210,633	243,918 E
Voluntary contributions [2], [4]				
UNHCR	290,000	290,000	290,000	290,000 E
UNICEF	650,000	650,000	800,000	800,000 E
EPTA	1,940,625	2,217,375	2,150,000*	2,150,000*E
Special fund	1,940,625	2,423,712	2,350,000*	2,350,000*E
UNRWA	2,999,814	1,999,899	1,000,000E	1,000,000 E
Malaria eradication program of WHO	100,000	—	—	—
Freedom from hunger campaign of FAO	23,000	—	—	—
UN civilian fund for the Congo	989,063	—	—	—
UN technical assistance administration training centre at UBC	10,000	10,000	—	—
Gift of furniture to WMO	1,006	—	—	—
World food program (WFP)	—	—	1,081,000[1]	2,162,000[1]E
World refugee year (WRY)	234,018	173,261	—	—
Operational budget of the IAEA	48,500	53,581	61,560	62,500 E

[Mr. Haidasz.]

	1960-61	1961-62	1962-63	1963-64
Loans				
Purchase of United Nations Bonds to be repaid with interest at 2% per annum over a 25-year period	—	—	6,240,000	—
IBRD	10,330,000	—	6,800,000	—
IDA	8,510,000	7,860,000	8,560,000	7,870,000 E
IFC	—	—	—	—
IMF	—	—	—	—

Footnote 1—The government has announced that it is prepared to make a voluntary contribution to the world food program of up to $5,000,000 (U.S.) in cash and kind. during the three year period January 1, 1963 to December 31, 1965.

Footnote 2—Canada has also made a voluntary contribution of approximately $600,000 toward the cost of ONUC through write-offs of expenses incurred by Canada in connection with the provision of transportation facilities for ONUC.

Footnote 3—The above does not include payments or estimates in respect of payments to ICAO for partial reimbursement of compensation paid to its Canadian employees for Quebec income tax and to provide ICAO with office accommodation in Montreal at less than commercial rates.

Footnote 4—At the 4th special session of the United Nations general assembly the Canadian delegation was authorized to state that, subject to parliamentary approval the government intends to make voluntary contribution toward the costs of UNEF for the last six months of 1963. The amount and nature of this contribution are to be determined in conjunction with other member states who are prepared to help in sharing equitably the shortfall resulting from the granting of reductions to the less developed countries in their 1963 UNEF assessments.

(b) Colombo plan commitments.

The following amounts were appropriated in the fiscal years indicated: 1960-61—$50,000,000; 1961-62—$50,000,000 and 1962-63—$41,500,000. The estimates for the fiscal year 1963-64 contain an amount of $41,500,000 for Colombo plan assistance.

(c) Other forms of aid to underdeveloped countries.

The following amounts were appropriated for Canada's other bilateral grant aid programs in the fiscal years indicated: 1960-61—$5,510,000; 1961-62—$6,810,000, and 1962-63—$7,370,000. The estimates for 1963-64 contain amounts totalling $6,920,000 for Canada's bilateral grant aid programs excluding the Colombo plan.[1]

Footnote 1—The development assistance committee of the OECD includes long term export credits, such as those provided under section 21 (a) of the Export Credits Insurance Act, in its calculation of the flow of resources to developing countries. Credits extended by Canada to the less developed countries are not included in the above figures.

DAYLIGHT SAVING TIME

Question No. 885—**Mr. Mather:**

Is the government giving consideration to the possibility of establishing, in consultation with the provinces, daylight saving time on a national basis?

Mr. Benidickson: There is no move on the part of the federal government to establish daylight saving time on a national basis.

FEDERAL CONTRIBUTIONS TO CROP INSURANCE

Question No. 900—**Mr. Gauthier:**

What amount has the Department of Agriculture contributed for crop insurance in all the Canadian provinces since its inception up to March 31, 1963, and, of this amount, what part has been allotted to the province of Quebec?

Mr. Beer: Federal contributions made to the provinces to March 31, 1963 under the Crop Insurance Act amount to $700,978.

No contribution has been made to Quebec since this province does not operate a crop insurance program under agreement with Canada.

EXPERIMENTAL FARMS

Question No. 903—**Mr. Gauthier:**

How many experimental farms does the Department of Agriculture operate in Canada and, of these, how many in the province of Quebec?

Mr. Beer: Apart from the research branch headquarters establishment in Ottawa, and two national research institutes located elsewhere in Ontario, the Department of Agriculture operates 39 research stations and experimental farms, six of which are located in the province of Quebec.

Questions

AGRICULTURAL LABORATORIES

Question No. 904—**Mr. Gauthier:**

How many agricultural laboratories does the Department of Agriculture own in Canada, and, of these, how many in the province of Quebec?

Mr. Beer: There are 21 agricultural laboratories operated by the Department of Agriculture in Canada and of these two are located in the province of Quebec.

INTERNATIONAL DRIVING PERMITS

Question No. 905—**Mr. Mather:**

1. What provinces have accepted the United Nations 1949 convention on road traffic regulations respecting international driving permits?

2. Has the federal government made representations to provincial authorities with regard to the acceptance of this convention and, if not, will the government consider making such representations?

Mr. Martin (Essex East): 1. Appropriate ministers of the following provinces have indicated that they see no serious objection to Canadian accession to the 1949 United Nations road traffic convention: Alberta, British Columbia, Manitoba, New Brunswick, Nova Scotia, Ontario, Prince Edward Island, Quebec and Saskatchewan.

2. Yes.

DEFENCE EXPENDITURES

Question No. 906—**Mr. Matheson:**

1. What percentage of (a) navy (b) army and (c) air force expenditures have been devoted to equipment in each of the years since and including 1955?

2. What is the total expenditure for defence in each of these years, and what proportion of the annual gross national product does it represent?

Mr. Hellyer: Percentage of total expenditures by navy, army and air force devoted to equipment.

1. Fiscal year	Navy	Army	Air force
1955-56	41.6	20.4	46.0
1956-57	44.4	11.9	27.1
1957-58	37.9	7.1	30.9
1958-59	29.8	9.7	35.8
1959-60	22.7	6.8	27.0
1960-61	18.8	7.3	26.9
1961-62	22.5	6.5	28.5
1962-63	22.8	6.4	21.3

2. Calendar year	Defence expenditures (NATO Definition) ($000)	Percentage of G.N.P.
1955	1,819,000	7.6
1956	1,888,000	7.1
1957	1,828,700	6.5
1958	1,740,000	6.0
1959	1,641,800	5.4
1960	1,653,600	5.3
1961	1,716,000	5.3
1962	1,810,000	5.2

Note: NATO definition includes defence expenditures by D.N.D. and defence expenditures by other federal government departments.

BREAKWATER REPAIRS, FELTZ SOUTH, N.S.

Question No. 909—**Mr. Crouse:**

Is it the intention of the government to call in 1963 tenders covering the extensive repairs to the breakwater at Feltz South, Lunenburg county, Nova Scotia?

Mr. Badanai: This matter is being studied but it is too soon to say when tenders will again be called.

LION'S HEAD, ONT. POST OFFICE

Question No. 913—**Mr. Loney:**

Has the Department of Public Works been requested by the Postmaster General to acquire lands for a post office building in the village of Lion's Head, Ontario, and, if so (a) what progress has been made (b) when will tenders be called?

Mr. Badanai: No. (a) Not applicable, (b) not applicable.

FEDERAL ASSISTANCE TO HONG KONG

Question No. 914—**Mr. Dinsdale:**

1. Since 1957, how much assistance has been given by the government of Canada to Hong Kong in the form of (a) powdered milk (b) canned meat and (c) butter oil?

2. Is it the intention of the government to continue this program and, if so, what contributions will be made during the current year?

Mr. Martin (Essex East): 1. None of the commodities mentioned has been given to Hong Kong under Canada's regular bilateral aid programs. In 1962, however, the following foodstuffs were made available to Hong Kong by the government of Canada, at a cost of approximately $485,000, through Canadian relief agencies with established channels of distribution in Hong Kong: (a) powdered milk, 840,700 pounds; (b) canned meat, 1,995,570 pounds; (c) butter oil, nil.

2. The above commodities were provided for emergency relief purposes. The Canadian government has no continuing program for the provision of foodstuffs to Hong Kong.

DAMAGE TO WOLFE MEMORIAL, PLAINS OF ABRAHAM

Question No. 919—**Mr. Dinsdale:**

1. What damage was done to the Wolfe memorial on the plains of Abraham during the recent disturbances?

2. Has the damage been repaired and, if so, what was the cost of the repairs to the treasury?

Mr. Turner: The national battlefields commission advises as follows:

1. Toppling of the column; chipping of column and stone base.

2. Not yet.

TORTURE OF GERMAN SPIES BY CANADIAN TROOPS

Question No. 920—**Mr. Mather:**

1. Has the government information as to the accuracy of reports that three former nazi espionage agents assert they were tortured by Canadian troops in the Netherlands in 1944?

2. Is the government considering investigating such reports?

Mr. Hellyer: 1. Available records contain no reference to the alleged incident.

2. No.

QUESTIONS PASSED AS ORDERS FOR RETURNS

JOINT FEDERAL-PROVINCIAL PROGRAMS

Question No. 491—**Mr. Martineau:**

1. What are the joint programs at present being carried out by the federal government with one or more of the provinces?

2. For each of such program, what is (a) the name or number of the statute, order in council, regulation or other authority under which such program is being carried out (b) the date of the adoption of such statute, order in council, regulation or other authority (c) the sums of money expended for each such program by the federal government since the commencement of the program, giving the amount for each fiscal year?

3. What further joint programs does the government intend to carry out with one or more of the provinces during the current fiscal year?

CANCELLATION OF TENDER CALLS

Question No. 495—**Mr. Valade:**

1. Has the government cancelled any calls for tenders since April 8, 1963, and, if so, which tenders, in which departments, and on what grounds?

2. If not, is it the intention of the government to change the tender calling procedure in certain departments, particularly in the Department of Defence Production?

CONTRACTS WITH FULLER CONSTRUCTION CO., OTTAWA

Question No. 585—**Mr. Orlikow:**

1. How many contracts has the Fuller Construction Company of Ottawa received from government departments and agencies in the past six years; what were these contracts, and what was the value of each contract?

2. Have complaints been made that this company has not been observing the federal government's wage and hour regulations and, if so, how many?

3. How many of any such complaints have been investigated, and what were the results of these investigations?

CONTRACTS WITH H. J. MACFARLAND CO., OTTAWA

Question No. 586—**Mr. Orlikow:**

1. How many contracts has the H. J. MacFarland Construction Co. of Ottawa received from government departments and agencies in the past six years; what contracts were these, and what was the value of each contract?

2. Have complaints been made that this company has not been observing the federal government's wage and hour regulations, and, if so, how many?

3. How many of any such complaints have been investigated, and what were the results of these investigations?

REPORT OF COMMITTEE ON MANITOBA'S ECONOMIC FUTURE

Question No. 591—**Mr. Fisher:**

1. Has any minister of the crown been presented with the report of the committee on Manitoba's economic future and, if so, which ministers, and what form of communication accompanied the report?

2. Has an analysis been made of the recommendations in the report that bear upon matters falling within the federal jurisdiction (e.g. Indian problems, Churchill harbour) and, if so, has this analysis been forwarded to any cabinet or departmental committee for action or recommendations?

3. Has any response been sent to the provincial government regarding this report, or to the committee itself?

4. Have any ministers of the crown and/or any deputy ministers, met with the chairman and the executive board of the committee to discuss the report and any assistance the federal government may give to achieve the recommendations of the committee?

POST OFFICE DEPARTMENT SALARIES

Question No. 800—**Mr. Valade:**

Have the salaries of the employees of the Post Office Department been increased since 1949 and, if so (a) in what years was each such increase granted (b) what was the amount of the increase in each case, by classification of worker?

PERSONS POSTED OR MADE AVAILABLE TO MINISTERS, ETC.

Question No. 829—**Mr. McIntosh:**

1. Have any members of the civil service, public service, or any federal government employee of any government department or crown corporation been seconded, attached, transferred, posted or loaned to the Prime Minister's office, privy council or to any minister's office or to any minister's personal staff since April 22, 1963, and, if so, what are their names, location, responsibilities, salary, date duties commenced, name of immediate supervisor, and the name of department to which their position is established?

2. Have any persons other than federal government employees been made available in any capacity to the Prime Minister's office or to any minister's office or as part of the minister's personal staff since April 22, 1963 that have been in receipt of government monies by means of salary or expense account funds and, if so, what are their names, date duties commenced, location, responsibilities, name of previous employer and amount of federal moneys in any form received to date?

3. Have any persons other than federal government employees been made available in any capacity to the Prime Minister's office, privy council or to any minister's office, or to any minister's personal staff since April 22, 1963, who may or who may not, have been in receipt of government monies and who have had access to or have used government equipment, materials, stores, supplies, including privileged, classified and internal governmental information, correspondence and files and, if so, what are their names, nature of duties, date duties commenced, name of previous employer, and location?

Inquiries of the Ministry

PUBLIC SERVICE

INQUIRY AS TO SALARY INCREASES FOR CERTAIN CLASSES

On the orders of the day:

Mr. H. A. Olson (Medicine Hat): Mr. Speaker, last week, I think on Monday, the Minister of Finance said that he and the cabinet were considering or would be working on the matter of pay increases for certain categories of the public service that have not as yet been granted increases. I wonder whether the minister could inform the house and those public servants who are anxiously waiting whether any decision has been reached respecting pay increases.

Hon. Walter L. Gordon (Minister of Finance): Mr. Speaker, a decision has been reached respecting the increases for the civil servants in group D. The government believes that the staff associations are entitled to be the first to be informed of the details of the increases agreed to. This procedure will, of course, be essential as soon as the systematic procedure for collective bargaining has been introduced, and I hope the house will consider that this is a move in the right direction. The committee of the cabinet that has been dealing with this matter is planning to meet with the staff associations this evening or late afternoon and inform them of the details of the increases, on the understanding that the public announcement will be held until tomorrow morning.

(Translation):

Hon. Azellus Denis (Postmaster General): Mr. Speaker, I wish to add a few words to the statement just made by the Minister of Finance.

When postal employees in group D are given pay increases under the continuing salary review, the only ones who do not receive an increase are those in the following categories, who are paid out of revenue and whose salary rates are established by the Postmaster General as authorized by the Post Office Act.

1. Postmasters—Semi-staff post offices, groups 31 to 34;
2. Assistants 1 and 2—Semi-staff post offices;
3. Postmasters—Revenue post offices, groups 1 to 30;
4. Postmasters—Sub post offices.

(Text):

These employees will have their salaries adjusted at the same time as those who are paid out of appropriations. The increase will be proportionate to that granted the classes paid from appropriations. The effective date will be the same as for group D.

[Mr. McIntosh.]

Mr. Stanley Knowles (Winnipeg North Centre): A supplementary question to the Minister of Finance, Mr. Speaker. In view of the reference in the welcome statement he has just made to the subject of collective bargaining, can the minister say whether legislation carrying out this commitment of the government will be introduced at this session?

Mr. Gordon: Mr. Speaker, there is a very considerable amount of work to be done which has to be discussed with the staff associations before the details of a collective bargaining system can be introduced. This is already under discussion, and one of the things I hope to do tonight when talking with the staff associations is to have further discussions about the way in which this can best be furthered and expedited. I think it very unlikely that this work can be done in time to have the legislation ready for this session.

Mr. H. A. Olson (Medicine Hat): A supplementary question to the Minister of Finance. I certainly understand the suggestion that the staff associations should be informed first, but I wonder if there are any of the public service groups within the categories he mentioned who will not be included in these pay increases. If he thinks this would not prejudice or hamper his discussions with the staff associations—

Some hon. Members: Oh, oh.

Mr. Gordon: Everybody included in group D will be dealt with in the announcement which will be made to the staff associations this evening. There are one or two other groups, including the staff of the house, which will be dealt with by Your Honour's committee, I am sure at a very early date, now that the main recommendations have been made. The increases for the people I have just referred to are kept in line with the general increases and can now be dealt with.

TRANS-CANADA HIGHWAY

BRITISH COLUMBIA—INQUIRY AS TO SECOND HIGHWAY

On the orders of the day:

Hon. Marcel Lambert (Edmonton West): I have a question for the Prime Minister. Did the right hon. gentleman, on Friday last, meet with a delegation of the trans-Canada highway system Yellowhead route association. If so, can he tell the house whether it is the government's intention to implement in 1963 the pledge which he made earlier this year to make a definite start on a second trans-Canada highway?

Right Hon. L. B. Pearson (Prime Minister): I met with a delegation on the day referred to by the hon. member, and the Minister of Public Works will be making a statement on this matter either tomorrow or the next day.

GRAIN

SASKATCHEWAN—REQUEST FOR REINSTATEMENT OF BOARD ORDER NO. 1,000

On the orders of the day:

Mr. Reg Cantelon (Kindersley): I have a question for the Minister of Trade and Commerce. In his absence I hope the parliamentary secretary will consider it. I believe that recently the minister had a letter from the Kindersley and Verendrye wheat pool committees which said in part:

> In view of the fact that order No. 1,000 has been rescinded at 12 bushel quota points, farmers will not, under certain circumstances, be able to haul their grain to elevators of their choice.

My question is, would the minister have order No. 1,000 reinstated as soon as possible at any point where it is not now operative?

Mr. Jean-Luc Pepin (Parliamentary Secretary to Minister of Trade and Commerce): There is nothing I should like to do better than answer the hon. member's question, but it is not an appropriate one for me to handle and, therefore, I shall have to bring it to the attention of the minister.

EXTERNAL AFFAIRS

CANADIAN MEMBERSHIP IN ORGANIZATION OF AMERICAN STATES

On the orders of the day:

Mr. R. N. Thompson (Red Deer): I wish to direct a question to the Secretary of State for External Affairs. I regret I have not had an opportunity of giving him prior notice. In view of the statement by the chairman of the organization of American states on Saturday in Ottawa, as reported in the press, that Canada can now confidently be expected to join the O.A.S. in the near future, can the minister inform the house just how near in the future Canada will be joining this organization?

Hon. Paul Martin (Secretary of State for External Affairs): I am sure the house will share with me satisfaction at the visit of the president of the organization of American states who happens to be the newly accredited ambassador of Costa Rica to Canada resident, for the time being, outside the country. During the course of the ambassador's visit a number of matters were discussed, but in accordance with the usual practice it would not be appropriate for me to reveal publicly the nature of discussions between a visiting ambassador and a minister of this government.

Mr. H. W. Herridge (Kootenay West): Would it be fair to say that the government has enough unsettled problems on its hands at present without launching out in further directions?

Mr. Martin (Essex East): It would be appropriate for me to observe that this government, while it has much to do, largely by way of a legacy, nevertheless does not propose to shirk any of its responsibilities.

Mr. G. L. Chatterton (Esquimalt-Saanich): Can the minister give the house an assurance that before making a decision as to membership in the O.A.S. the government will refer this matter to the external affairs committee?

Mr. Martin (Essex East): I cannot give that assurance in the terms in which the question is put. I can only say that when this government feels the moment is opportune, in the light of all considerations, it will decide what policy it should pursue. Having done that it will take the house into its confidence.

HUNGARY—INQUIRY AS TO DIPLOMATIC RECOGNITION

On the orders of the day:

Mr. J. H. Horner (Acadia): Mr. Speaker, I should like to direct a question to the Secretary of State for External Affairs. Is the government considering granting Hungary diplomatic recognition?

Hon. Paul Martin (Secretary of State for External Affairs): I did not get the hon. member's question.

Mr. Horner (Acadia): Is the government giving consideration to granting Hungary diplomatic recognition?

Mr. Martin (Essex East): There is no Canadian mission in Budapest at the present time.

NATIONAL DEFENCE

NUCLEAR WARHEADS—SIGNING OF AGREEMENT WITH UNITED STATES

On the orders of the day:

Hon. Marcel Lambert (Edmonton West): I wish to address a question to the Secretary of State for External Affairs or to his colleague the Minister of National Defence. Can the house be advised whether Canada and the United States have reached agreement in principle on a pact with respect to nuclear arms, as reported in today's press?

Inquiries of the Ministry

Hon. Paul Martin (Secretary of State for External Affairs): The Prime Minister has already indicated in his statement on July 10 the progress which is being made in this regard. I can say that an agreement with the United States making available nuclear warheads for the Canadian forces has not yet been signed. The fact that signature has not yet taken place must not be misconstrued, however. When the signatures have been affixed an announcement will be made, in accordance with the Prime Minister's statement of July 10 and consistent with security regulations.

Mr. Lambert: Is the minister indicating at the present time that such an agreement will be signed without prior reference being made to this house?

Mr. Martin (Essex East): The hon. member will have to read the answer I gave a few moments ago.

REQUEST FOR REPORT ON ACCIDENTS AT CAMP GAGETOWN AND IN YUKON

On the orders of the day:

Hon. Gordon Churchill (Winnipeg South Centre): I have a question for the Minister of National Defence. I should like to ask whether he has any information for the house concerning the fatal accident which occurred during army exercises at Camp Gagetown just the other day. May I ask the Minister of Justice also whether he has any information concerning the fatal accident to members of the Royal Canadian Mounted Police in the north country. Both the army and the Royal Canadian Mounted Police are serving their country well, and perhaps the house would like some information with regard to these serious accidents.

Hon. Paul Hellyer (Minister of National Defence): In regard to the most unfortunate tragedy at Camp Gagetown, I do not think there is anything I could usefully add to the information which has already been made public. I am sure all hon. members of the house regret that in the course of their training those who serve their country so well and who help us to maintain our freedom do take risks which sometimes lead to tragedy and its resulting bereavement of close relatives and friends.

Hon. Lionel Chevrier (Minister of Justice): In answer to the question which has been raised by the hon. member for Winnipeg South Centre, I have to report unfortunately and with great regret that a Beaver aircraft stationed at Whitehorse, Yukon, crashed at Carmacks at eight o'clock on July 13, 1963, instantly killing four members of the force and a prisoner. Some details of the accident are given here in the report which I have in my possession, together with the names of those who lost their lives.

Like my colleague the Minister of National Defence I should like to tell the house how sorry I am that an accident under these circumstances should have taken place, and to extend to the parents of these members of the Royal Canadian Mounted Police the sincere condolences of the minister.

Mr. T. C. Douglas (Burnaby-Coquitlam): May I ask the Minister of Justice—

Mr. McIlraith: I wonder if with the consent—

Mr. Douglas: —if the family of the prisoner who was killed will receive some compensation or have some provision made for them by the government?

Mr. Chevrier: Mr. Speaker, I think that would depend a great deal on the circumstances surrounding the accident. I saw that my colleague was about to rise, and perhaps it was to say that an investigation is being conducted. Before I could answer that question I would have to have the report from the air transport board as to the conditions under which the accident took place.

TRADE

WHEAT—INQUIRY AS TO CREDIT TERMS FOR RED CHINA

On the orders of the day:

Mr. J. H. Horner (Acadia): I wish to address a question to the Prime Minister, in the absence of the Minister of Trade and Commerce. My question stems from a report in this morning's *Gazette* that wheat shipments to red China have been discontinued and that port authorities at Vancouver say shipments are at a standstill. It appears that from this article the Chinese are asking for easier credit terms on further wheat shipments. In view of the economic consequences which could follow, particularly in the province of Alberta, if there were no further wheat shipments, is the government prepared to allow easier credit terms to this country so it can continue to buy Canadian wheat?

Right Hon. L. B. Pearson (Prime Minister): Negotiations in connection with this matter are proceeding. The hon. member must know that to make public the terms of negotiations on our side, now, would not be the way in which to bring them to a successful conclusion.

Mr. Horner (Acadia): I do not want the Prime Minister to disclose the terms of the negotiations. All I asked him to say was whether the government is prepared to make easier credit terms available.

Some hon. Members: Oh.

Mr. Horner (Acadia): The right hon. gentleman could answer yes or no.

Mr. H. A. Olson (Medicine Hat): There appears to be a profusion of speculation concerning these negotiations which are going on with mainland China, and I was wondering whether the Prime Minister could inform the house whether the government has arranged for some planned and controlled leakage in order to keep fostering these speculations. If not, where do these speculations arise?

Mr. Pearson: I am afraid I cannot satisfy the hon. member's legitimate curiosity as to where all this speculation arises.

AIRPORTS

BOUNDARY BAY, B.C.—REPORTED DISPOSAL OF HANGAR

On the orders of the day:

Mr. R. W. Prittie (Burnaby-Richmond): I should like to direct a question to the Minister of National Defence. I have not given him notice, but the hon. gentleman is aware of this situation. Will the minister report to this house on allegations made by the aircraft owners and pilots association of British Columbia to the effect that a hangar valued at $200,000 at Boundary Bay airport has been sold to an employee of the Department of National Defence for $500?

Hon. Paul Hellyer (Minister of National Defence): I have no direct knowledge of this matter. I have asked the officials of my department to look into it. If in fact the hangar was disposed of it would have been done by the Crown Assets Disposal Corporation, which comes within the responsibility of my colleague the Minister of Defence Production.

[*Later:*]

Mr. Prittie: Mr. Speaker, I wonder if the Minister of Defence Production would undertake to investigate the matter I raised earlier with the Minister of National Defence concerning the Boundary Bay airport?

Hon. C. M. Drury (Minister of Defence Production): I would be glad to take up that question.

BROADCASTING

REPORTED REQUEST OF C.B.C. FOR INVESTIGATION

On the orders of the day:

Mr. L. J. Pigeon (Joliette-L'Assomption-Montcalm): I should like to put a direct question to the Secretary of State. Will the minister comply with the request of the C.B.C., who wish an investigation into the operation of broadcasting in Canada?

Hon. J. W. Pickersgill (Secretary of State): I know of no such request having been made to the government.

Mr. T. C. Douglas (Burnaby-Coquitlam): Last week I asked whether the government would give early consideration to recommending to the house the setting up of a special select committee on broadcasting. I wonder if the Prime Minister has had any time to come to a decision on this matter, and whether he is prepared to make such a recommendation.

Right Hon. L. B. Pearson (Prime Minister): My hon. friend the Minister of Justice, who dealt with this matter last week, has been discussing it with me and I hope to be able to make an announcement very shortly.

AGRICULTURE

INQUIRY AS TO LOANS ON FARM STORED GRAIN

On the orders of the day:

Mr. F. J. W. Fane (Vegreville): Mr. Speaker, I have a question for the Minister of Agriculture. In view of the news report carried in the Ottawa *Journal* of Saturday July 13 to the effect that the farmers of western Canada no longer have the privilege of arranging loans on their farm stored grain through the Canadian wheat board, may I ask the minister whether this statement is true and, if it is correct, when this privilege was removed?

Hon. Harry W. Hays (Minister of Agriculture): Mr. Speaker, I will take notice of the hon. member's question.

SHEEP—REPORTED OUTBREAK OF SCRAPIE DISEASE IN ALBERTA

On the orders of the day:

Hon. Harry W. Hays (Minister of Agriculture): Mr. Speaker, on Friday last the hon. member for Bow River asked if it was the intention of the Department of Agriculture to order the destruction of flocks of sheep infected by scrapie disease, and if it was intended to compensate the owners of the flocks.

The sheep disease, scrapie, has been confirmed on two premises in southern Alberta. All sheep on both premises have been ordered slaughtered under the authority of the Animal Contagious Diseases Act. Scrapie is a disease believed to be of virus origin affecting the central nervous system, and to prevent its spread in Canada all flocks in which the disease is found are slaughtered. The owners will be paid compensation at market value as determined by a valuation committee.

Inquiries of the Ministry

Mr. Eldon M. Woolliams (Bow River): A supplementary question, Mr. Speaker. I should like to ask the Minister of Agriculture if the persons in Alberta who will receive payment for the loss of sheep are the same persons or the same family of persons who received $100,000 from the previous Liberal government?

Mr. Hays: Mr. Speaker, I suppose it is all right to disclose the names of the people who own these flocks that have scrapie. The flocks are those of Mr. P. G. Rock and Harold Trentham, and I believe Mr. Rock was the recipient of compensation because of scrapie a few years ago. I might say that scrapie is a serious disease, and that at that time there were some 30 flocks affected and some 12,000 sheep destroyed under the slaughter policy.

TURKEYS—REMOVAL OF QUOTA ON IMPORTS FROM THE U.S.

On the orders of the day:

Hon. Harry W. Hays (Minister of Agriculture): Mr. Speaker, in order that there may be no misunderstanding I wish to clarify the reply I gave to the hon. member for Wellington South on July 11 in answer to a question by him concerning the quotas on United States turkeys entering Canada. In my answer I made reference to a meeting with turkey producers, and I should emphasize that these were Canadian turkey producers and that I have not met with United States agricultural officials to discuss this question.

In 1962 and for several years prior to that turkeys were supported under the Agricultural Stabilization Act by a deficiency payment program. As yet this year no such program has been authorized, and I was referring to this when I indicated that the representatives of the turkey producers were satisfied with the present arrangement. I should, however, have indicated that the question of import quotas on turkeys is a matter of government policy, and that the government has not yet given consideration to this matter.

INQUIRY AS TO ESTABLISHMENT OF COLLECTIVE FARMS

On the orders of the day:

Mr. S. J. Korchinski (Mackenzie): I should like to direct a question to the Minister of Agriculture. In view of reports is the minister able to say whether consideration is being given to the establishment of collective farms?

REQUEST FOR EXTENSION OF CONDOLENCES ON DEATH OF H. H. HANNAM

On the orders of the day:

Mr. R. N. Thompson (Red Deer): May I direct a question to the Minister of Agriculture. Will he convey the regrets of the members of this house to the family of the late Mr. H. H. Hannam and to the members of the Canadian Federation of Agriculture, an organization which he served so long and so well?

Hon. Harry W. Hays (Minister of Agriculture): The answer to the first part of the question is yes; this has already been done. In so far as the second part is concerned, we will look after it right away.

(Translation):

LABOUR CONDITIONS

CRITERIA USED TO DETERMINE UNDERDEVELOPED AREAS

On the orders of the day:

Mr. Marcel Lessard (Lake St. John): Mr. Speaker, since my question deals with the industry, finance and labour departments, I shall direct it to the Prime Minister. In view of the proposals intended to assist the underdeveloped areas of the country, could the Prime Minister tell the house what are the criteria on which the government will base itself to decide whether one area rather than another is underdeveloped?

(Text):

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, I could not, of course, do that on the orders of the day even if it were in order, but there will be legislation dealing with the matter when the question of criteria can be discussed, as indeed it was discussed on the legislation concerning this matter introduced by the previous government.

ROYAL CANADIAN MOUNTED POLICE

REPORT ON LETTER ALLEGEDLY SIGNED BY AMBASSADOR BUTTERWORTH

On the orders of the day:

Mr. Joseph Macaluso (Hamilton West): Mr. Speaker, I have a question for the Minister of Justice. In the light of the report I read in the Hamilton *Spectator* of Saturday, July 13, 1963, that the government has received a report from the R.C.M.P. regarding the Butterworth letter, is it the intention of the government to make the report public in order to clear the ambassador's name and that of his government from allegations made by members of the official opposition?

Hon. Lionel Chevrier (Minister of Justice): Mr. Speaker, I do not know that it is the practice to make these reports public, but I can say rather summarily what the report did contain.

The investigation revealed first of all that there is no evidence that either of the two machines in use by the ambassador's office

at the embassy of the United States of America in Ottawa was used to execute any portion of the questioned typewriting. Next, there is evidence to indicate that the paper comprising the covering letter and its envelope are products of an English firm. Finally, there is no evidence to indicate that the original of the photo copy was a composite or montage, but photographic techniques used in its preparation could obscure such evidence.

[*Later:*]

Mr. M. J. Moreau (York-Scarborough): Mr. Speaker, I have a supplementary question for the Minister of Justice in view of his reply to the question raised by the hon. member for Hamilton West. Is it the government's intention, in view of remarks made earlier in the house regarding the Butterworth letter, to ask for a public apology from the hon. member for Winnipeg South Centre (Mr. Churchill)?

APPEAL BOARD TO DEAL WITH SECURITY RISKS

On the orders of the day:

Mr. H. A. Olson (Medicine Hat): I should like to ask the Minister of Justice if he can report any progress on the matter of setting up a board or a means of appeal for persons classified as security risks.

Hon. Lionel Chevrier (Minister of Justice): I am afraid I cannot add anything to what I have already stated to the hon. member for Burnaby-Coquitlam, which in essence is this. In order to set up a board of review all the departments of government have to be consulted, and the matter must be discussed equally with the crown corporations and the various boards and agencies of the government. I am afraid that is going to take some time.

Mr. Olson: May I ask a supplementary question. Some action has been taken by this government in connection with cases raised on the floor of the House of Commons. Will the minister tell us that this is the proper procedure to be followed until such a board is set up, that is if the board is not going to be set up for some time?

Mr. Chevrier: I believe I indicated on a former occasion that if the hon. member did have a case, if he would be good enough to discuss it with me I would be glad to get the information for him. There are a number of such cases that are now under discussion, for some of which I have obtained information but for others, not yet. If my hon. friend has one or more cases I will be glad to take them into consideration if he will send me a note about them, or if he prefers to discuss them with me personally.

(Translation):

WORLD FAIR

REPORTED RESIGNATION OF CORPORATION MEMBERS

On the orders of the day:

Mr. L. J. Pigeon (Joliette-L'Assomption-Montcalm): Mr. Speaker, I should like to put a question to the Minister of Public Works who is responsible for the world fair. Could the minister inform the house whether it is correct, as reported in the press, that Mr. Paul Bienvenu, president of the corporation, and Mr. Harry Price, of Toronto, member of that company, have resigned.

Hon. J. P. Deschatelets (Minister of Public Works): I have not been officially informed that Mr. Price has submitted his resignation. I read in the papers that Mr. Paul Bienvenu had resigned. I must point out to my hon. friend, however, that Mr. Bienvenu himself has denied that press report.

(Text):

PUBLIC WORKS

NOVA SCOTIA—REQUEST FOR DREDGING OF LA HAVE RIVER

On the orders of the day:

Hon. J. P. Deschatelets (Minister of Public Works): Mr. Speaker, I should like to answer the question asked by the hon. member for Queens-Lunenburg a few days ago concerning dredging at Bridgewater. The requirement for dredging at Bridgewater was not submitted to the department in sufficient time for inclusion in the 1963-64 estimates; consequently no financial provision was made. The work would involve a major expenditure and no partial measure would be of any value.

The situation is that while some of the larger vessels may not be able to use this harbour, normal traffic is not hampered. The department will make provision in the 1964-65 estimates for increasing the size of the turning area to accommodate larger vessels now wanting to make use of this harbour. If the dredging were to be undertaken this year it could not be completed in time to benefit shipping this season.

ADMINISTRATION OF JUSTICE

INQUIRY AS TO LIST OF LAW FIRMS TO BE ENGAGED

On the orders of the day:

Mr. Donald MacInnis (Cape Breton South): May I ask the Minister of Justice whether he or his parliamentary secretary made a request for a restricted list of law firms to handle departmental business?

Inquiries of the Ministry

Hon. Lionel Chevrier (Minister of Justice): I did notice that my hon. friend asked that question on the orders of the day on Friday, and I must tell him that as Minister of Justice, under the statute, it is my responsibility to appoint competent legal agents to handle civil and criminal cases on behalf of the federal government that are not handled directly by lawyers employed by the government. Since these people are agents of the Minister of Justice, their selection has always rested in his discretion and I have never seen this principle challenged. The paramount rule in the department is that they be competent.

POST OFFICE DEPARTMENT

INCREASED SALARIES FOR RURAL MAIL CARRIERS

On the orders of the day:

Mr. O. W. Weichel (Waterloo North): I should like to direct a question to the Postmaster General. A few moments ago he announced the groups of postal workers who would receive increases in salaries. He did not mention the rural route couriers, and while I understand they are not civil servants within the group mentioned, would he advise whether further consideration has been given to salary increases for these couriers?

Hon. Azellus Denis (Postmaster General): I believe that the regulations are fairly clear so far as rural mail delivery is concerned. These contracts are given after tenders have been called, and the length of the contract is four years. The rural carrier can request an increase after two years, and if it is appropriate we will give it to him.

INQUIRY AS TO MAIL SERVICE TO BRITISH GUIANA

On the orders of the day:

Mr. T. C. Douglas (Burnaby-Coquitlam): Mr. Speaker, I wish to direct a question to the Postmaster General. In view of the fact that some Canadian citizens have had mail which they sent to British Guiana returned, marked "Service suspended", has the postal service from Canada to British Guiana been suspended and, if so, why?

Hon. Azellus Denis (Postmaster General): Mr. Speaker, I read something in a newspaper report to the effect that the service has been restored, and that is all I can say so far as this matter is concerned.

Mr. Douglas: As a supplementary question, will the minister make some inquiries and ascertain whether postal service to British Guiana has been suspended and, if so, why?

[Mr. MacInnis.]

Mr. Denis: I will inquire with great pleasure, Mr. Speaker.

ROYAL CANADIAN NAVY

REPORTED REFUSAL TO PERMIT RE-ENLISTMENT OF PETTY OFFICER

On the orders of the day:

Mr. David Orlikow (Winnipeg North): Mr. Speaker, I would like to direct a question to the Minister of National Defence. Almost two weeks ago he said, in reply to a question I asked him, that in a few days he expected to be able to make a statement on the Petersen case, the man dismissed from the navy whose father in law was a communist. Is that statement ready and, if not, when can we expect to get it?

Hon. Paul Hellyer (Minister of National Defence): I hope it will be ready soon, Mr. Speaker.

(Translation):

PENITENTIARIES

SELECTION OF SITE

On the orders of the day:

Mr. Leo Cadieux (Terrebonne): Mr. Speaker, may I ask the Minister of Justice if the site of the new penitentiary to which frequent reference has been made in this house has been selected and, if so, if it is located in the constituency of Terrebonne?

Hon. Lionel Chevrier (Minister of Justice): Mr. Speaker, I wish to inform the hon. member that a piece of land belonging to the Department of National Defence and located at St. Anne des Plaines has been declared surplus by the crown assets disposal corporation and transferred to the office of the commissioner of penitentiaries of the Department of Justice. That property is fifteen miles away from the St. Vincent de Paul institution and considered to be an excellent site on which to build a maximum security institution in the province of Quebec.

(Text):

CANADIAN NATIONAL RAILWAYS

REPORTED POSTPONEMENT OF RUN-THROUGH PROGRAM

On the orders of the day:

Mr. D. M. Fisher (Port Arthur): Mr. Speaker, I would like to ask the Minister of Transport whether he can confirm that the Canadian National Railways have decided to postpone implementation of run-throughs in western Canada?

Hon. G. J. McIlraith (Minister of Transport): Yes, Mr. Speaker. The announcement was made late on Friday afternoon.

FINANCE

APPROVAL OF CERTAIN AUTHORIZED EXPENDITURES FOR FISCAL YEAR 1962-63

Hon. Walter L. Gordon (Minister of Finance) moved the second reading of Bill No. C-86, for approving certain expenditures authorized for the public service, and the application of certain amounts in the accounts, for the financial year ended the 31st March, 1963.

Mr. E. J. Benson (Parliamentary Secretary to Minister of Finance): Mr. Speaker, the purpose of this bill is to close the accounts for the fiscal year ended March 31, 1963. This action is necessary in order that the audit of the accounts may be completed and reported upon by the Auditor General. His report will then, of course, be submitted to the public accounts committee where witnesses may be called and hon. members of the committee may fully examine the accounts, along with the report thereon submitted by the Auditor General. The Auditor General will, in his report, comment upon any actions which he may believe open to question.

Bill C-86 will be the final appropriation act for the fiscal year 1962-63. Parliament was dissolved on February 6, 1963, without having completed its consideration of the estimates and without having made adequate provision for the expenditures for the complete year 1962-63.

I will not comment upon the fact that vast sums of money were spent during the 1962-63 fiscal year without departmental estimates having been approved by this house. I believe that this matter was amply debated both in the house during the last parliament and during the ensuing election campaign.

I respectfully suggest to hon. members that this bill be dealt with as expeditiously as possible in order that the Auditor General may complete his job for last year and that we may get on with this year's business, to assure that a similar situation does not occur in the current fiscal year.

The situation experienced in February, 1963 was to all intents and purposes an exact parallel to the situation following from the dissolution of parliament in February, 1958. With minor exceptions the procedure which this government intends to follow in cleaning up the outstanding business of 1962-63 will parallel the course of action pursued by the former government in August and September, 1958, in cleaning up the outstanding business of 1957-58. It should be noted, too, that a major portion of the action currently being proposed is not open to question on this occasion, as it might have been in 1958 and prior years, inasmuch as an amendment to

Approval of Expenditures, 1962-63

the Financial Administration Act, passed by parliament late in 1958, requires that amounts appropriated by way of special governor general's warrants while parliament is not in session must be submitted for consideration by parliament during the ensuing session.

As in 1958, the government has provided a report on supply for the fiscal year ended March 31, 1963, in which is set forth in great detail the total estimates and supply picture for 1962-63. On Friday last, on behalf of the Minister of Finance, I tabled this report on supply which set forth for each vote the total of all of the estimates, both tabled and not tabled, which were approved by the government in respect of 1962-63. There was also a comparable presentation of the amounts of supply already granted or to be granted in respect of the past fiscal year, including the amounts authorized by appropriation acts, the amounts authorized in pursuance of governor general's warrants, and the amounts for which authority is being requested in this bill. In this latter category there are 36 items which are considered to be proper charges to the 1962-63 budgetary accounts. None of these items, when authorized by this bill, will provide for further cash outlays chargeable to the old year accounts.

The summary on page 3 of the report discloses that the total amount of all items to be voted—that is government expenditures other than those which are payable under continuing statutory authority—amounted to $4,293,642,685. All but $328 million of that total amount was included in estimates tabled during the last session of parliament. There is here a difference between the 1958 and 1963 experiences. The final supplementaries for 1957-58 were tabled before parliament dissolved on February 1, 1958, whereas the final supplementaries for 1962-63 were not tabled prior to dissolution on February 6, 1963.

The summary discloses further that parliament passed five appropriation acts in 1962, thereby appropriating $3,390.7 million, leaving $902.8 million of the estimates unauthorized at the point of dissolution. Subsequently the Governor General, under the emergency authority contained in section 28 of the Financial Administration Act, caused special warrants to be issued authorizing further expenditures of $641.3 million.

Here is the second point of difference between the practice followed in 1958 and that of 1963. Five years ago the government proposed, and the Governor General approved, a single warrant to provide for expenditures during the last two months of 1957-58. This year a two phased exercise, resulting in the issue of warrants on February 8 and March 4, allowed for a more careful review of actual cash requirements, and it is hoped that the final

audit for 1962-63 will indicate a more careful use of special warrant authority in 1963 than was the case five years ago.

The final entry on the summary relates to the proposal that parliament now authorize the charging to the budgetary accounts of 1962-63 of certain expenditures deemed to be appropriate subjects for such treatment. This treatment, in most cases, accords with that afforded in 1958. In other cases items are suggested for inclusion in order to overcome obvious inconsistencies in the 1958 exercise; and finally, some items are proposed on their individual merits. A basic rule in the choice of the 36 items for which parliamentary authority is now requested was that the relevant cash outlays had already been made and that no new cash outlays, chargeable to the 1962-63 accounts, will result from their being authorized during this session. I will be pleased to answer questions on these items during the committee stage of this bill.

Finally, Mr. Speaker, the summary indicates that some $49.7 millon of the total estimates to be voted was not ultimately required. Most of this amount represents those portions of appropriations which would lapse in the normal course of events. A footnote to the summary provides a balancing entry for those who may be interested in reconciling last year's records respecting appropriation acts with the figures shown in this report.

I would now refer the house to page 4 and onward of the report. Here we find, for each vote in each department, both the total estimates amount and the comparable supply amount. The supply amount is also broken down into its important components, namely the portion provided by parliament during 1962, the portion made available by special governor general's warrants, and the amount which parliament will now be asked to authorize.

Returning now to the bill which is before the house, this bill proposes approval of the expenditures authorized by the aforementioned governor general's warrants and the 36 special items which have not yet been authorized but which are considered to be proper charges to the budgetary accounts of the fiscal year 1962-63. Because no final supply bill for 1962-63 has yet been passed, this bill has been prepared in a form which will serve as a final 1962-63 supply bill in Canadian financial records. Finally, as the passage of this measure will not in any way restrict the authority of the public accounts committee to pursue its normal activities in respect of the public accounts for 1962-63, I urge that it be given favourable consideration by this house.

Before resuming my seat, Mr. Speaker, it has occurred to me that I should forestall any arguments which may be made that expenditures for the fiscal year 1962-63 have in any way been increased beyond what is normal and proper. Hon. members will note that on page 71 of the report on accounts the total amount of the 36 items for which authority is sought is shown as $211,856,066. Considering this amount, if one then looks at pages 67 to 70 of the report they will see items amounting to $37,545,558 which do not affect the budgetary deficit. This reduces the amount which is being added, which would affect the deficit to $174,310,508. Of this there are items which are identical or directly similar to items included in 1958—that is, items which were put into the final supply bill in 1958 by the former government—in the amount of $73,529,057. This includes items such as the agricultural commodities stabilization account loss of $71,856,049, and so on, totalling $73,529,057. This reduces the amount which could be considered as affecting the budgetary deficit to $100,781,451. From this there should be deducted two items which were covered by governor general's warrants in 1958 and which are now being included as a final supply item in 1963. These are first of all the Canadian National Railways deficit, which is $48,919,500, and the final payment with respect to the Colombo plan in the amount of $3,458,333. Thus if we deduct this amount of $52,377,833 we get down to an amount of $48,403,618 as affecting the budgetary deficit due to this bill and to the actions of the government.

From this there is a certain group of other items which I believe are quite proper charges and which I would deduct at this point. First of all there is the T.C.A. deficit, which is included in this supply bill, of $3,540,700, which occurred in the calendar year 1962 and is thus, I believe, a proper charge to the 1962-63 fiscal year. There are also several items to effect write-offs which were recognized as valid prior to March 31, 1963. These include the write-off of the N.R.U. reactor of $25,239,005, the write-off of loans to Northern Canada Power Commission, which was doing some work at Inuvik in the Northwest Territories, for which the government had agreed to reimburse it. This amounts to $7,004,000. Then there is the write-off of land in the canal navigation system at Cornwall, Ontario, which was recommended in two succeeding years by the Auditor General, amounting to $1,710,600; and the write-off of loans to the New Westminster harbour commission of $284,700, making in total a further reduction of $37,779,005.

This gets the amount that would affect the deficit and is debatable down to $10,624,613, and this is made up of the following items.

Payments in connection with the winter works program of 1962-63, the final cost being $5 million, and payments to various funds to which there was a contribution by the government to bring these funds up to the agreed amount, as follows: the national gallery fund, the national centennial fund, the national library purchase account, the national capital fund and the railway crossing grading account. These amount to $1,043,291. Then there is the payment with regard to the south Saskatchewan dam, affecting 1962-63, of $240,259. There are certain reimbursements to Central Mortgage and Housing Corporation which the government agreed to make with respect to the past fiscal year. The amount in respect of research and community planning of C.M.H.C. was $754,794; reimbursement of C.M.H.C. for losses in federal-provincial housing projects in the past fiscal year amounted to $1,204,949; reimbursement of C.M.H.C. for forgiveness of municipal loans under section 36G of the National Housing Act for 1962-63 amounted to $1,873,630. Finally the figure in regard to dredging Montreal harbour, which work was completed in the fiscal year 1962-63, amounted to $507,700. This gives a total of $10,624,613.

I think all hon. members will agree that these are proper charges to the accounts for the fiscal year 1962-63, and I would therefore urge all hon. members to assist in allowing the passage of this bill in order to clean up last year's accounts.

Hon. George C. Nowlan (Digby-Annapolis-Kings): Mr. Speaker, I think first I should congratulate the parliamentary secretary to the Minister of Finance on the way he is piloting this bill through the house. It is always a pleasure to see young members coming along and those who are not always in the front row given responsibilities in piloting bills through certain stages. I want to congratulate the parliamentary secretary in this regard.

Having said that, I was reminded in listening to him of something Shakespeare once wrote; "Methinks the lady doth protest too much". If the bill is as simple as he says it is and as clearcut as all that with no ulterior motive whatsoever, then I do not know why he spent ten minutes of his time in dealing with anticipated criticism which might be made in committee. I will not say he had a guilty conscience, sir, but there might have been an uneasy feeling in his mind when he began to deal with the figures which are presently before us.

There is, of course, nothing one can do about these figures at the moment because we have no way in which we can balance them against definitive amounts. One has to accept, and one does accept, of course, the statement of the parliamentary secretary in respect to the way in which these moneys have been advanced and expended. I quite agree with him that there were no additional items here which could go into the cash balance of the public account other than those loans and advances to which he referred which are below the line. But there are quite a few figures, Mr. Speaker, included in those to which he referred which do affect the increased deficit or the budgetary deficit of the country.

If I were a suspicious person, which of course I am not; and if I were a partisan, which of course I am not, I might feel that possibly the parliamentary secretary found some way of adding figures to these expenditures so as to show how much bigger the deficit under the preceding government, the government of my right hon. friend the Leader of the Opposition (Mr. Diefenbaker), was compared with that of the present government. I am sure that when these figures were brought down the thought was that it would be very helpful if it could be shown that the deficit incurred by the preceding government was substantially greater than the deficit which would be incurred by this government under the budget brought down by the Minister of Finance (Mr. Gordon) on June 13.

Now, of course, as things have turned out the government know that is entirely hopeless, and what they are hoping to do is to have the deficit of the present government under the Minister of Finance, if possible, not too much greater than the deficit incurred by the preceding government. The situations have been reversed. But I think that even with these additions, which perhaps can be questioned and to which I will make some brief reference in passing in committee, the purpose has failed. It would be indulging in the rankest of prophecy to say that the deficit next year might be much more substantial than the deficit this year if we completely accept without question all the figures contained in the white paper and the figures contained in this report on supply. We do not accept them per se, Mr. Speaker. We do not think some of them should be properly charged to the preceding government at all. However, I will have something to say about them in a moment—and one does not have to apologize for this—and in committee we may question certain items which are before us.

One reason you have no starting point and no way in which to balance them is that in the estimates we have before us, in the first

column of the total estimates in the report, you will find the words "excluding statutory items". Mr. Speaker, I am not quarrelling with those words entered there. They were entered there, as the parliamentary secretary said, in the report which my predecessor the former minister of finance brought down in 1958. But when you bring those words in, what is meant by statutory items? Where is the starting point? For instance, everyone knows that the salary, shall we say, of Mr. Speaker is fixed by statute. We know what the salary is; it is easy to determine. But when you come to another statutory item, such as the amounts paid to the provinces, then how do you determine those amounts without going into all the details with officials? Because the amount paid to each province varies from year to year, depending on the shift in population of the province concerned. How do you determine another statutory item such as the amount paid by way of family allowances? That amount varies too with the population. How do you determine, as another example, the amounts paid to the universities? That is a statutory amount, and it too depends upon the population of each province.

So there is no way whatsoever of determining these amounts by taking these figures per se, analysing them, and coming to any final result in so far as they affect the total over-all deficit. All we have here is the amount of our appropriation acts passed by the preceding parliament and the amount covered by governor general's warrants, and we are asked today to pass 36 items amounting in all to $211 million. We are also asked to approve the fact that the preceding government spent this money before March 31 or, if they did not spend it, that they were responsible for its expenditure.

Mr. Speaker, one could spend days and days and days analysing these figures. The minister could have his officials in front of him and one could go through one department after another, and in the end you would reach a result depending on your own wishes and on the imagination you were using in analysing the figures. So we of the opposition do not propose to spend very much time this afternoon in dealing with the bill on second reading. Some of the items to which the parliamentary secretary referred should undoubtedly be charged to the expenditures of last year. The C.N.R. deficit—although on this I will have some comment to make when we reach committee stage—and the T.C.A. deficit are both matters properly chargeable to the former government under the fiscal year ending March 31.

But there are others. I question entirely the figure relating to the N.R.U. reactor. The reactor has not been thrown down the drain. It is still working and still doing the same work today as it did a year ago. There is no reason in the world why that reactor should be charged up to our expenditure for last year except for the fact that the government wants to increase the deficit by some $20 million plus. With regard to the Cornwall canal, the parliamentary secretary said this had been recommended by some committee some years ago. Is that any reason why it should be charged up to the former government at this particular time? Mr. Speaker, you know very well why it is being charged up. As I say, one could go on and on with various items, and I do not propose to do so. But I think, or I hope, we will spend a brief time, subject to other hon. members in the committee, dealing with some of the items, and then we will let the matter pass.

I should like to point out in passing, Mr. Speaker, that if you accept the deficit as now proposed by the parliamentary secretary of $709 million—we do not, of course, but for the sake of argument if we accept it—we find it is $82 million less than the actual deficit in the preceding year. So that even accepting the figure of $709 million the deficit is $82 million less than it was the previous year. One would have liked to see it even less. We can argue that it should be less, but even accepting the figure as it is one can say that the government of which I had the pleasure and honour of being a member did keep its promise and worked, although perhaps very slowly, toward a balanced budget.

When you think, Mr. Speaker, of some of the expenditures made by the former government as compared with the previous one, the actual increase in expenditures on the figures before us today is $64 million over the preceding year 1962. One could analyse these figures and see how they were arrived at. I can point out right away, though, that during the past year the government of which I was a member paid out for technical training and vocational schools $171 million more than was paid out in the preceding year. I have forgotten the exact figure, but there were millions and millions of dollars more paid out in health and welfare fields than were disbursed in the preceding year. We could argue about the deficit, that we should not have increased the deficit and so on. The fact remains that last year the interest and carrying charges on our debt was $79 million more than in the preceding year. When one realizes that our total increase in expenditure was only $62 million and that those two items to which I have referred amounted in themselves to $240 million, we can certainly suggest without boasting that there was very good administration shown in carrying on

the services which we did carry on while incurring such a relatively small increase.

I hope the parliamentary secretary can tell us, when we get into committee, what was the increase in the statutory payments during the past year as compared with the year before. I think hon. members will find that it was fairly substantial. We know from our records that people are living longer, that more and more money is being paid out to those in receipt of old age pensions, fortunately for those of us who are getting older. I suspect that the statutory payments made last year were a good many millions of dollars more than were paid out the year before. I am suggesting, without taking the time of the house by going into the figures in great detail, that even having regard to the amounts which are now before us, we are relatively happy with the record so established. It is certainly not one which suggests poor administration or anything of that kind as far as the government of which I was a member is concerned.

Mr. H. A. Olson (Medicine Hat): One feels a certain amount of futility in dealing with appropriations of money which has already been spent and in respect of which no useful action can be taken at this time to indicate to the government whether it is being spent properly or in line with the wishes of members of parliament.

I am always amused by the Leader of the Opposition and by other members of the Conservative party when they try to make so much of their respect for the rights of parliament. During the last few years I do not think any party has run roughshod over the rights of parliament to the extent they have. I say this because I believe the examination of the estimates is one of the most important functions of hon. members. If the right of hon. members to peruse or examine expenditure, or proposed expenditure, were taken away, in other words if the right to control the purse strings were taken away from members of this house, we would have reached a stage where a most important part of the rights of those elected to parliament would have been removed.

Let us look back at last year. I apologize if I am wrong, but for the most part the money which is being voted in this appropriation bill is money which was spent by the previous government. I think if we look back over the past year we will find that the business of the house was organized in such a way that priority was certainly not given to the examination of the government's estimated expenditure by members of the house. There appeared to be considerations in the mind of the government of that day which were above and beyond the importance of the rights and privileges of members of parliament to discharge this important function.

An hon. Member: Who stopped them coming in?

Mr. Olson: Someone asks "Who stopped them coming in". Well, if my memory serves me correctly the government of that day had the responsibility for organizing the business of the house, and if they chose not to bring forward the estimates that omission must remain the full responsibility of the administration of that time. I would also point out that as far as this group are concerned we leaned over backward to give the government more time to bring in its measures dealing with the business of the country. But there is a limit to anyone's patience.

An hon. Member: You can say that again.

Mr. Olson: I should like to give the house an example of the former government's indifference to the rights of parliament. On page 61 of the report on supply we find an item of $16 million in respect of which authority is now being sought. The item concerns payments under the Freight Rates Reduction Act. Not one cent of that sum was appropriated by way of interim supply or authorized by an appropriation act. I know there were a number of members who were anxious to discuss this question whenever it might have arisen, either during the discussion on interim supply or on some other occasion. The opinion is definitely prevalent in this country that this direct grant discriminates against forms of transport other than the railways. We in this group particularly wanted the opportunity to discuss this matter and the effects of such an appropriation, before the money was spent. Now it is spent.

As I say, I do not wish to take up much of the time of the house at this point, but I believe we must take a long, hard look at what is happening to these important rights and privileges of hon. members in all parts of the house. In my humble opinion we should have the right to control the purse strings and governments must not put other considerations, whatever they may be, above this important duty which falls on hon. members.

There is another matter to which I should like to direct the attention of the parliamentary secretary to the Minister of Finance. I wish to raise it again when we get into committee. On page 8 we see an amount of $71,856,049 for which there does not appear to be any authorization by interim supply or by special warrant of the Governor General. This amount is all being asked for under the bill before us now, and we should like to

have a detailed explanation as to the purpose for which this $71 million is required.

As I have said, when one looks at these expenditures one feels a certain amount of futility. The money has already been spent. It is gone. What is the use, therefore, of raising any objections now? This is the situation we face. I know that the trucking industry, for example, had a lot of representations to make to the government respecting the $16 million that was paid to the railways. They seem to think they can prove that this money and other money that the government grants to the railways is used to lower freight rates in certain areas so as to squeeze out the trucking industry. I am certain that the government and members of parliament generally do not wish to appropriate public funds for the purpose of squeezing certain segments of industry out of business, in this instance by giving the railways subsidies which enable them to lower their rates below what is reasonably competitive.

With these few remarks, Mr. Speaker, I wish to draw to your attention again that the responsibility of government includes the responsibility to organize the business of the house so that the rights and privileges of members respecting the spending of money will not be taken away.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, this is a bill to validate expenditures that were made in the fiscal year 1962-63. It is fairly evident that the house has no option but to pass the bill, but I suggest that while we are doing so the flag ought to be put at half mast. We are in effect drawing attention to the fact, and it is a fact that the bill does not set aside, that the 1962-63 fiscal year was one in which all the taxpayers' money that was spent was spent without consideration of the items in the estimates.

A very large portion of the money got voted through the medium of interim supply bills. Every time an interim supply bill was presented to the house we were assured that no one of these bills was appropriating all of any estimate for the year, and that there would be an opportunity to members before the entire amount was voted to discuss the individual items. Hon. members who were here will recall that in December of last year I pointed out that the undertaking given at that time by the then minister of finance was in my view an undertaking that was given in good faith but one that would not be kept. And it was not.

The other way in which money was authorized for expenditure was by the issue of governor general's warrants. Yet even though it can be said that the money spent under the interim supply bills and by governor general's warrants was spent legally, it is still true that in that year, 1962-63, the House of Commons of Canada, the peoples' representatives, the members who are supposed to have control of the purse strings, had no opportunity to vote for any one of the individual items of the estimates. I suggest, Mr. Speaker, that my proposal that the flag be put at half mast is a very mild one. This is something that is not good in the history of Canadian parliamentary democracy. To have this kind of experience is sad.

The bill before us will do three things at least, though it might do more as well. It does a certain amount of bookkeeping and this leads, of course, to argument between the present government and the former minister of finance as to which column figures are being put in. It does not make much difference to the taxpayer in the end. As I say, the bill does some bookkeeping. The second thing it does is to give formal or parliamentary approval to the money that was spent under the terms of governor general's warrants. The third thing it does is to authorize the expenditure of the 36 items referred to by the parliamentary secretary to the Minister of Finance. But in any case, Mr. Speaker, no matter under what heading you subsume the various items, in all cases we are talking about money that is already spent, and there is nothing we can do about it but note the fact that the year 1962-63 was a sorry one for the parliament of Canada in terms of the responsibility that is supposed to devolve upon the people's representatives.

I know that when this question comes up arguments arise as to whose responsibility it was, whose fault it was. There is no point now in going over all that, except to say that parliament could have been called earlier in 1962. We could have got at the estimates if there had been recognition at that time of their importance, the importance of the principle that parliament controls the purse strings. But I think what the parliamentary secretary to the Minister of Finance said at one point is perhaps something that we should note. He said "Let us not spend too much time quarrelling about the past; let us make sure that it does not happen in this session of parliament". I suggest that is an admonition that is well put. Let it not happen in this session of parliament. It ought not ever to happen again.

I have done a lot of thinking about this problem, Mr. Speaker, and I confess I do not see how we can prevent it from happening by changing the rules or changing the statutes. I think the only way this sort of

thing can be prevented is by increasing in the minds of all members of parliament, and particularly on the part of those who are on the government side of the house at any given time, respect for the rights and traditions of parliament. There is need for more respect for the importance of the control of the purse strings. If a government had that respect I suggest it would find a way to organize the business of the house in such a manner that the estimates would be dealt with.

There is a tendency in this House of Commons to feel that the estimates are something that can be dealt with when everything else is done; that they can be put off until Friday; that we can hold Saturday sittings and deal with estimates, or that they can be left until the fall or some later time in the session. The feeling is that we have to get along with legislation because legislation is important. I am right there with everyone else asking the government to proceed with particular pieces of legislation in which I am interested, but estimates also constitute legislation. They constitute one of the most important pieces of legislation that we deal with, and I hope that the experience we are going through today, realizing that we are put on the spot in that we have to pass a bill about which we can do nothing, will cause us to think a bit about the importance of the role of dealing with the expenditure of money.

As I say, it is a highly perfunctory performance we are going through this afternoon. Members on the government side are now on the treasury benches and they are faced with the constitutional and legal necessity of getting this legislation through. It relates to money they did not spend but because they have to get it through they are prepared, of course, to support the bill. Members of the official opposition are faced with a bill that validates spending done by them last year, so they have got to support it. The other two parties in this corner of the house were witnesses to the whole business. Most of us were here last year and we tried to get the estimates brought on. We wanted a chance to discuss them. We have no option but to support the bill as well, but I emphasize the perfunctory nature of the whole thing not just to throw stones in the direction of those I think were responsible but to urge the necessity of greater respect for the estimates of parliament, greater respect for the principle that parliament does control the purse strings.

In this connection I hope that when the day comes that we get the special committee on procedure established, that committee will give some thought to this problem. I hope that thought will be given to it in some other quarters. I have been interested in browsing through the records of some of the early years of the House of Commons of Canada, and I have discovered that in the first session of the first parliament, which began after the 1st of July, 1867, the members of that day had a supply bill.

They thought it was a huge sum of money. It was $5 million. Mind you, this amount was not for a full 12 months; it was for nine months from July 1, 1867 to March 31, 1868. This would work out to something in the order of about $6.5 million for a full year.

Perhaps 1867 is not a good year to take as a basis for comparison. Let us move on two or three years to about 1870 or 1871. If you look at the records for those years, you will find that the total expenditures of the Dominion of Canada were running around the order of $13 million or $14 million a year. I am sure our forebears who sat in the House of Commons of that day, the building that was previously here, were impressed by this staggering figure of $13 million per year. This year, Mr. Speaker, our budget is something over $6 billion. We have multiplied our expenditures from 1870 to the present time by 480 times. We have increased our expenditures, in other words, by 48,000 per cent.

However, Mr. Speaker, we are still handling these much larger sums of money in almost the same way as those sums of money were handled in 1867 and 1870. It is still done by the individual items having to be processed through the committee of supply. They managed to do this in eight or ten days back in those days, because the amounts were much smaller. The basic way in which the matter is handled, however, has not changed in all these years.

Now, I have already said something about the importance of parliamentary control of the purse strings, and I think this must not be overlooked in any way, shape or form. I do believe, however, that we have to find some way to cope with the greatly increased amount of money we have to vote, to cope with the greater complexity of government business. One proposal that was suggested a few years ago was that of setting up a standing committee on estimates. It does not seem to me that this method has been used as much as it might have been. I should like to urge that our special committee on procedure, or other bodies that are interested, take another look at that process to see if we cannot make more use of the committee on estimates. This committee was set up on the basis of having the estimates referred to it, with the idea that those estimates would

be returned to the committee of supply, and with the further idea that, having been examined thoroughly in the standing committee, time might be saved in the house.

The idea is not just to save time so that we can go off on a holiday. The fact is that there are only 365 days a year and if we were to sit every day in the year we would not be able to do all the business that comes before us in the same way as it was done by our forebears, even although they had to deal with only 1/480th of the amount of money with which we have to deal.

Perhaps we will have to come to some understanding on a basis whereby we thoroughly examine some departments one year and leave the remainder of the departments to be examined thoroughly the next year. I throw this out as a suggestion. I do not believe we should go on year after year, decade after decade, without finding any new ways of dealing with the problem. The experience through which we are now going should bring us face to face with the fact that this is a very real problem. I know that we have this particular problem because the dissolution that took place and the fact that elections came along pretty thick and fast. However, even when we have a parliament that lasts three, four or five years, this same problem remains, of how to get a proper treatment of the estimates. All that the present experience does is to highlight the problem for us.

I urge that, based on our having to vote today a whole year's estimates without having considered them at all, the time has come when we ought to be trying to find some way to improve our handling of these estimates. I emphasize again that even more important than any changes in the way we handle them, even more important than any rules or committees or what have you, is the need for all of us in this place, having the highest respect for the importance of our job as members of parliament, to see to it that we control the purse strings, that it is not left to the executive to spend money and come along afterwards to get approval. This basic tenet of parliamentary practice should be followed.

Mr. G. H. Aiken (Parry Sound-Muskoka): Mr. Speaker, I do not intend to hold up the passage of this bill unduly, but in view of the snipings in which various hon. members have indulged, and which have been directed at the former government because of alleged delay in the passage of legislation and estimates during the 25th parliament, I have a few words to say in reply. I should like, therefore, to take a few moments to go through what I believe are some of the most important facts arising out of that parliament as they refer to the present situation.

It is very disturbing, for a member who sat through the 25th parliament as a member of the government party, to hear these people who filibustered, delayed and wrangled over the business of the house last year, preventing the passage of a great deal of legislation, saying now that the former government failed to conduct the business of the house in a proper manner. I think that in saying this they are, to say the least, being unfair; and to say the worst, they are wrong. I should like to make some comparisons because I think comparisons are what we must make at this point.

The hon. member for Winnipeg North Centre (Mr. Knowles) said we must examine the procedures of the house in handling some of these matters. It was stated also that we ought not to allow this situation to happen again, as it did in the 25th parliament—that is the passage of estimates by governor general's warrants without complete investigation by the house. I cannot help agreeing with the hon. member entirely on that point. What is required in order to conduct such a full, fair investigation is a responsible opposition. I am going to suggest, Mr. Speaker, that in this 26th parliament we have a responsible opposition, and I refer particularly of course to the official opposition. I want to say that this opposition has acted in the best interest of the country and has proven to be a responsible opposition, trying to do its job for the sake of the country, and actually conducting the business of the house without all the delaying tactics that were used in the last parliament.

Now, in spite of the remarkable number of mistakes the government has made during this session, the progress on essential and non-controversial measures brought before this parliament has been good. This is the 42nd day of this session and we have completed the speech from the throne, and the budget debate, we have passed the exports insurance bill, the bill to establish the Atlantic development board and the department of industry. In so far as estimates are concerned, we have completed the estimates of the Department of Trade and Commerce and we have made a good start on the estimates of the Department of Transport.

I should like to refer for a moment to private bills because, here again, I believe this parliament has made good progress. Most of us remember that in the last parliament private bills were delayed, and on many occasions for political reasons. In so far as standing committees are concerned, I would refer particularly to banking and commerce and

miscellaneous private bills, in which many of the private bills were opposed merely for the purpose of delay. A good many of these committees were used for the sole purpose of trying to bring some other issues before them, and of trying to delay the passage of government business. Already this session the committee on banking and commerce and the committee on miscelleneous private bills have passed a good many of the private bills left over from the last parliament.

The hon. member for Medicine Hat (Mr. Olson) mentioned that the former government did not succeed in passing the estimates, and he laid some blame on that government. In reply I would say that if his party had not divided when the crucial vote came, we might have been able to finish the business of the house.

Mr. Olson: You needed new estimates by that time.

Mr. Aiken: Mr. Speaker, everyone knows that the temper of the 25th parliament was not one in which any work could be properly done.

Mr. Olson: Because of lack of leadership.

Mr. Aiken: The hon. member was not here from 1958 to 1962 when some of the best legislation ever brought forward in Canada was presented and passed. I do not want to go into it all, but he knows very well the legislation to which I refer—the vocational schools program, the sewage and waterworks program and so forth.

A minority government requires the support of every hon. member in the house, and it must be remembered that the former government had only 116 members out of a total of 265. Now hon. members who sat in opposition at that time come along and say, "Oh, you did not do anything."

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

Mr. Aiken: Yes, I will, when I finish my sentence. The reason business could not be advanced was because there was nothing except filibuster, wrangling and delay—

Mr. Robichaud: Filibuster by yourselves.

Mr. Aiken:—with the result that the business of the government was held up. I will accept the question now.

Mr. Olson: I would like to ask the hon. member, could he tell us why, in the last session of the 24th parliament, which actually should have passed these estimates, the government was unable to do so at that time, when it had such an overwhelming number of members on its side of the house?

Mr. Aiken: The hon. member is asking about the 24th parliament. My reply is that the business of 24th parliament was well conducted.

Mr. Olson: The last session?

Mr. Aiken: Yes, in the last session.

Mr. Olson: That is when these estimates should have been passed.

Mr. Aiken: The government satisfactorily conducted the business that was before the house.

Mr. Robichaud: You are easily satisfied.

Mr. Aiken: It is very easy for the hon. gentleman to say we did not do this, but there is a very well-known saying in this house, and it is a true one, that the government proposes and the opposition disposes. Those measures which the present government has proposed and which are worthy of approval have been passed by us to date, and I think that is a case of responsible disposal.

I am sure the Secretary of State would like to use part of what I have said by way of proving that he has done a good job in conducting the business of the house. He shakes his head, so perhaps he would not; but I am sure someone else in his party will. I merely say that the conduct of the business of this parliament depends on the co-operation of everyone in the house, and I can speak for my party in saying that those measures which are good for the country will be dealt with expeditiously, and have already been dealt with in that manner.

I do not want to rehash old scores of the last parliament, but it was mentioned that these estimates could have been brought forward last year. I would point out that in 1962, which includes the period referred to by the hon. member for Medicine Hat, all parties then in opposition spent 27 days on supplementary estimates which should have been passed in much shorter time than that. In the fall session of 1962 the opposition spent eight days on interim supply—

Mr. Pickersgill: May I ask the hon. gentleman a question?

Mr. Aiken: When I finish my sentence.

Mr. Pickersgill: I would like to ask a question about that point.

Mr. Aiken: All right. The opposition spent eight days on interim supply, on an item that should have gone through in half an hour.

Mr. Pickersgill: Will the hon. gentleman not admit that on two occasions the government was given interim supply within a few hours, and in one case within a few minutes,

and it was only when it became evident, as the hon. member for Winnipeg North Centre (Mr. Knowles) pointed out, we were never going to be allowed to discuss the main estimates, that we took that time on interim supply?

Mr. Aiken: I do not agree with that at all.

Mr. Pickersgill: The record is there to show it.

Mr. Aiken: That supplementary estimates were passed within a few hours?

Mr. Pickersgill: I am talking about interim supply.

Mr. Aiken: I will add to what I said by saying it was a plain case of filibustering and delaying everything the government brought forward.

Mr. Byrne: Nonsense.

Mr. Aiken: It is not nonsense. Everyone who sat in parliament at that time knows there was nothing but delay, filibuster and wrangling to try to make the government look ineffective, a government that was in a minority position and which could not do anything without the complete co-operation of all hon. members.

Mr. Olson: Tell us about the earlier parliament.

Mr. Aiken: I have just finished speaking about the earlier parliament and about what happened to supplementary estimates.

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

Mr. Aiken: Yes.

Mr. Knowles: I wonder if in his interesting speech the hon. member would tell us a little more about that earlier parliament, in the light of the fact that the estimates we are now being asked to approve are estimates that were presented to the 24th parliament? As he knows, one of the clauses in this bill asks us to provide that these estimates be taken as having been passed on April 1, 1962. Would it not have been possible in that parliament, the one before the last one, when the party with which he is associated had a huge majority, to stay a little longer and get those estimates through, if it had had respect for this principle?

Mr. Aiken: The hon. member knows very well that the estimates in 1962 were brought forward very shortly before the house dissolved for the election.

Mr. Pickersgill: You did not have to dissolve it.

Mr. Olson: Why dissolve it then?

[Mr. Pickersgill.]

Mr. Aiken: The house dissolved in April for a June election, and how one could consider passing estimates in that time I do not know.

Mr. Olson: Nonsense.

Mr. Nowlan: Are we in committee, or where are we?

Mr. Aiken: We had a full four years—

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

Mr. Deputy Speaker: Order. The hon. member for Parry Sound-Muskoka has the floor and he should be allowed to continue without interruption.

Mr. Aiken: Thank you, Mr. Speaker. The 24th parliament had a full period of four years, which is the usual, customary and accepted period of time for the life of a parliament. If that parliament had gone on for five years one could very well have said the government was unduly delaying its appeal to the country. There is no argument in saying that the government should have stayed on for another six months or a year; that has nothing to do with it. The government stayed on for a full four years, and I see no reason now for coming back and saying it should have gone on a little longer. I do not know what would have happened during the remainder of that time. In fact I have been trying not to rake up past history, but now we are going back over the history of two previous parliaments.

Mr. Speaker, I wish to wind up my remarks by saying that the official opposition at this time feels it is providing responsible opposition to the government with respect to the position in which this country and parliament finds itself, with a minority government. However, let no one think we are going to let any legislation or estimates pass through the house without proper and due consideration. I promise, particularly in connection with the budgetary resolutions, that they will receive the scrutiny and determined opposition that they deserve. They must not pass as they now stand.

Mr. Knowles: Which ones?

Mr. Aiken: Even as revised, in reply to the question of the hon. member for Winnipeg North Centre (Mr. Knowles). We will have to determine which budget resolutions we have before us when we get to them. I have one final point to make with respect to the presentation of this appropriation bill. Much has been said about the budget and much will be said, but I think the people of Canada can be thankful for one thing, that the unsatisfactory budget that was presented on

June 13 this year has prevented another general election in 1963. I am convinced that the government planned, regardless of the consequences, to find an excuse to call another general election in 1963.

Some hon. Members: Oh, oh.

Mr. Aiken: They believed—and wrongly, I am sure—that they could create in a few weeks a sufficiently rosy impression, without being called upon to perform—

Mr. Deputy Speaker: Order. I am wondering whether the hon. member who now has the floor would not agree with me that he is at this point straying from the principle of the bill now before the house.

Mr. Aiken: Mr. Speaker, my reason for dealing with this matter is that we are discussing the business of the house and I was about to say—

Mr. Deputy Speaker: Order. It is my understanding, not that we are discussing the business of the house but that we are discussing Bill No. C-86, which is an item of business before the house.

Mr. Aiken: I accept your decision on this matter, Mr. Speaker. I did intend to proceed to detail certain evidence which convinced me about this particular matter but I will let it pass in deference to Your Honour's ruling.

That pretty well disposes of that point, Mr. Speaker. I had a really good argument on this and I had the evidence, I think, to prove that this was the government's intention; but it is the ruling of the Chair that I am straying too far, and I will therefore desist. I conclude by saying that the Minister of Finance (Mr. Gordon) has done one good thing with his budget in that he has left the government in such bad shape that they will not dare go to the country for a long time.

Hon. J. W. Pickersgill (Secretary of State): Mr. Speaker, I had not intended to say anything in this debate. I know everyone says that. But I want to utter just two sentences in response to the speech we have just heard. The first is that in the 60 days before Christmas in the 1962 session of the 25th parliament 17 government bills were passed by the House of Commons of that time. If on the sixtieth day of this session—and we are at the forty second—there have also been 17 government measures passed, then I will congratulate hon. gentlemen opposite and say they have done just as well as we did in co-operating. But they have a lot to go to get to 17. That is my first sentence.

Mr. Nowlan: That is two.

Mr. Aiken: Mr. Speaker, may I ask the hon. gentleman a question on this point?

Mr. Pickersgill: Yes.

Mr. Aiken: May I ask him how many matters the government now has on the order paper they are prepared to go ahead with, in view of the withdrawal of several items?

Mr. Pickersgill: That would be out of order, Mr. Speaker. I will answer that question on another occasion. My second sentence is this, that this bill need not have been necessary at all if the previous government—I am saying nothing about the time before the 1962 election; of course, there was nothing to stop them bringing on their estimates and getting them all passed before they ever had the election in 1962, but I am not saying anything about that—after the election of 1962 if the previous government had followed the example of the present government and called parliament together promptly 38 days after the election; if they had followed this course, we would have had 63 additional days in which to deal with these matters. One hundred and one days elapsed between the election last year and the day parliament was allowed to meet. If that period had been used for consideration of the estimates, this bill need not have been brought before the house at all today.

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

On clause 1—*Short title.*

Mr. Nowlan: Mr. Chairman, I wonder whether the parliamentary secretary could answer the question that I raised earlier this afternoon. I am not sure that he would have the figures here. I wonder what is the total amount of the statutory items for the fiscal year preceding this one, and the total amount of the statutory items which are excluded by the wording of the resolution. I have no particular reason for thinking he would have these figures, but he will understand that there is a difference between the two. They are not before us at all, and I am wondering just what effect they would have on the budgetary position.

Mr. Benson: Mr. Chairman, I have here some estimates prior to the accounts being closed off completely.

Mr. Nowlan: Unless you have the totals, there is not much point.

Mr. Benson: The final supply bill here authorizes payments representing a total of $4,244 million, including $176 million on account of loans, investment advances and budgetary items. Therefore the payment is $4,068 million. To this has to be added the

estimated expenditures incurred under continuing statutory authority. This covers such things as family allowances, pensions, debt charges, and so on. These were, as detailed in the revised estimates, $2,398 million, and the actual exceeded this by $150 million, making a total of $2,548 million for the non-budgetary items.

Mr. Nowlan: Does the parliamentary secretary know what they were for the preceding year?

Mr. Benson: I have not that figure, Mr. Chairman.

Clause agreed to.

On clause 2—*$853,162,680 granted for 1962-63.*

Mr. Nowlan: Mr. Chairman, I wonder what the procedure is going to be. Are we going through these item by item, with regard to the schedule covering them, or what is the proposal of the parliamentary secretary in regard to dealing with them?

Mr. Benson: Mr. Chairman, I looked back at the precedent for this bill in 1958. The items were carried down through the clauses, and the schedule was then dealt with. It was dealt with by departments. The main headings of the departments would simply be called, rather than cover every item in the schedule, which itself amounts to some 38 pages. If this is agreeable to the house it would facilitate the passage of the bill.

The Chairman: Is it agreed?

Some hon. Members: Agreed.

Clause 2 agreed to.

Clauses 3 to 6 inclusive agreed to.

On the schedule.

The Chairman: We will discuss the items for the Department of Agriculture.

Mr. Knowles: Might I ask a general question first of all relating to the schedule. The schedule differs from the report on supply in that the report on supply gives additional information. I am wondering what the parliamentary secretary has in mind by way of a modus operandi so that we can ask some questions about these 36 items which are being authorized by this bill.

Mr. Benson: Mr. Chairman, what I would propose, if it is agreed, is that as we go through the sections of the bill dealing with the various departments, hon. members wishing to ask questions should refer to the report on supply, as I think this would be a little easier. It is generally constituted in the same manner and in the same order as the bill itself. For example, in agriculture, under "administration branch", it is the same as the report on supply.

Mr. Knowles: Might I be permitted to ask a general overriding question with regard to these 36 items. This is money which has already been spent. How did it happen that it was not authorized either by an interim supply bill or by governor general's warrant?

Mr. Benson: As I mentioned in my statement earlier, Mr. Chairman, the final estimates for last year were not presented at the end of the year. The government then obtained two governor general's warrants covering specific items. These 36 items were not specifically covered by those warrants and were picked up at the end of the year on March 31, 1963, and are now proposed in the final supply bill. They would presumably have been included in a final supply bill for last year had there been one.

Mr. Knowles: Were they already in the estimates book for last year? They are not in the nature of supplementary estimates?

Mr. Benson: No.

Mr. Nowlan: Mr. Chairman, that is not quite correct. My hon. friend for Winnipeg North Centre referred to these moneys having been spent. Actually the majority of these items are bookkeeping items with regard to which no money is spent at all. They might or might not have appeared in the final supplementary estimates if they had been recommended by the minister of finance and approved by treasury board, and had then come before the committee of supply. But none of that action was taken prior to dissolution, and therefore none of these items actually appeared in the final supplementary estimates.

Mr. Benson: Yes, that is right.

Mr. Olson: Mr. Chairman, I take it you have called the Department of Agriculture on the schedule?

The Chairman: Yes.

Mr. Olson: I should like to ask the parliamentary secretary to the Minister of Finance whether he could give us a little more information with regard to vote No. 163, a matter of $71 million required to recoup the agricultural commodities stabilization account to cover the net operating loss of the agricultural stabilization board as at March 31, 1963. First of all, is this just a bookkeeping item to take care of losses which had accumulated, and did this accumulation occur during the fiscal year from April 1, 1962 to March 31, 1963? Then, of course, the other

point which I brought up earlier was that no part of this was authorized by interim supply motions or by special governor general's warrants.

Mr. Benson: Mr. Chairman, this item is placed each year in the final supplementary estimates to credit to the account an amount equal to the net operating loss incurred during the fiscal year in carrying out the price stabilization program. Its inclusion will ensure the charging of a loss to the appropriate fiscal year in the accounts. The year of the price stabilization board is to March 31 of each year, so that it would cover the loss of the stabilization board from April 1, 1962 to March 31, 1963.

Mr. Olson: The public accounts, I presume, will show a detailed explanation of which commodities incurred these losses?

Mr. Benson: Yes, I would think that would be in the public accounts. If it is not published in the public accounts I will make the information available to the hon. member. I have it all here and could table it if he so requires.

Mr. Howe (Wellington-Huron): Mr. Chairman, I want to raise a point in connection with some of the items I have looked at. For example, vote 143 in the Department of External Affairs indicates that a certain amount was taken to reimburse the agricultural stabilization board for the shipment of skim milk powder and canned pork to refugees in Hong Kong. Then in the next item there is an amount voted to reimburse the agricultural stabilization board for skim milk powder donated to international relief agencies. In the net amount paid to the agricultural stabilization board, were these amounts paid through the Department of External Affairs deducted? Is this the final net amount after these amounts were taken off?

Mr. Benson: Yes, that is so with regard to the purchase and transportation of this milk to Hong Kong. It is customary to include in the final supplementary estimates items such as this which represent the cost of supplies donated to international services, for which the agricultural stabilization board is paid, in effect, by the Department of External Affairs.

Mr. Howe (Wellington-Huron): And this is the amount after that amount has been deducted?

Mr. Benson: Yes, it is net.

Mr. Olson: Mr. Chairman, inasmuch as the public accounts will not be out yet for some time and the parliamentary secretary said that he had this information available now, I wonder if he would undertake to send me, either today or very soon, the information he has?

Mr. Benson: Yes, I will undertake to do that.

Mr. Nowlan: Would the parliamentary secretary give me a breakdown—if he cannot do so now perhaps he could do so later—of item 100, which is the one dealing with premiums for hogs and lambs? I have a distinct recollection that some changes were made in the original estimates concerning this matter, and I am wondering whether the original estimates included this or whether it was the actual cash, if any, which was paid out. These premiums were disallowed for some time and then they were reinstated. I should like to see a breakdown of item 100.

Mr. Benson: Yes, I will undertake to get that.

The Chairman: Shall the agricultural items carry?

Some hon. Members: Carried.

The Chairman: We now go to page 6 of the schedule, the atomic energy items.

Mr. Nowlan: I wonder whether the parliamentary secretary would explain the item of $25,239,005. I am sure it comes as a great surprise to him that I should ask this question, but the item deals with a write-off on the NRU reactor. It is not a cash item but a bookkeeping entry, I would assume, which the government found convenient to add to the expenditures of this fiscal year.

Mr. Benson: I could explain this briefly or go into some detail, depending on what the hon. gentleman wishes.

Mr. Nowlan: You might be brief, but you will not convince me anyway.

Mr. Benson: Basically, what happened in this situation was that a reactor was built by the government of Canada, under the atomic energy commission, to produce plutonium to be sold to the United States under a long term contract. The price under this contract was to be renegotiated as of June 30, 1962. During the initial period of the contract the price was sufficient to provide funds toward the amortization of the cost of the reactor. In June 1962 when the contract price was to be renegotiated the United States was in the position where they had ample domestic supplies of plutonium. So the price which was obtainable was much lower and would not permit covering both the operating expenses of this reactor and its further amortization. At this point the atomic energy

commission was left in a position where it had this reactor on its books at some $25 million and there was no possibility of writing it off, due to the lower price which had been obtained under the new contracts. In these circumstances it was decided that this item should be written off as a charge against general revenue.

Mr. Nowlan: You are still using this reactor?

Mr. Benson: It is still being used, but there is no possibility of its amortization in the usual way.

The Chairman: Department of External Affairs is next.

Mr. Herridge: I apologize for detaining the house for a few minutes on this item, but I rise to discuss a matter which I consider to be of primary importance with respect to our national integrity and the future unity of this nation. Before proceeding with my remarks I wish to quote from a book which has been distributed to hon. members. It is entitled, "Organization of the Government of Canada" and it is published by the queen's printer under date of January, 1962. I quote from page 158 with respect to the functions of the Department of External Affairs:

> The main functions of the department are the conduct of official relations between Canada and other countries and of Canadian participation in international organizations, and the protection of Canadian interests abroad.

Then, on page 159, I read:

> There is also an economic division which deals with all financial, commercial and general economic questions possessing international implications, in co-operation with the departments of finance, trade and commerce and other bodies concerned.

And on the same page:

> The legal division advises on questions of international law, including the interpretation of treaties. It is responsible for liaison with the Department of Justice. Besides its general section, it comprises a treaty section, which assists in the preparation of international agreements, and a claims section, which deals with claims of Canadians against foreign countries.

I have discussed this question with some very well informed people and I have had telephone conversations—I get a lot of telephone calls on various questions—and I have had correspondence. I raise this question because I have been requested to do so by some very important people in Canada and by those who are concerned about the actions of this government. I am reliably informed that a former prime minister, the Right Hon. William Lyon Mackenzie King, was most particular with respect to the observance of protocol in the conduct of official relations between Canada and other countries. I am informed he had such strict regard for the recognition of Canada as a sovereign state and for the sole right of the government of Canada to conduct official relations and negotiations with other countries on any question that, while he consulted with and sought the advice of provincial governments on matters affecting their provinces, he always insisted that officials or representatives of the government of Canada should be the only persons present during negotiations with another country. I am also reliably informed that former prime minister Louis St. Laurent held the same view and insisted on the same practice. I am further advised that in reaching agreement on the St. Lawrence seaway the same practice was followed. Though the provinces were consulted and their wishes considered, the negotiations were carried on by the representatives of the government of Canada.

Indeed, so firmly fixed is the sovereign right of Canada to negotiate treaties and agreements that on several occasions the government of Canada has disallowed provincial legislation on the ground that it affected Canada's relations with other countries, a field which is the prerogative of the federal government, as estabilshed by law as well as by practice. For instance, there was some legislation passed at one time by the government of British Columbia with respect to orientals which was disallowed by the federal government on this basis. Later, there was some legislation passed by the government of Manitoba which was disallowed because it was considered an interference with the sovereign right of the government of Canada to deal with any matter affecting its relations with other nations.

I do not know whether hon. members have suspected it or not, but I am coming to a point. I wish to deal with what has happened with regard to the Columbia river treaty. Let me tell the committee what is happening to break down the precedent and practice of former years. Premier Bennett informs the public through the press that Robert Anderson, former secretary in the Eisenhower administration—a man who claimed to have President Kennedy's ear—is his adviser on the Columbia treaty question. In effect, Premier Bennett is telling us that Mr. Anderson is a go-between operating between the government of British Columbia and the government of the United States or its agencies concerned. In the second place, Premier Bennett goes to Washington, it is widely advertised in the press, to negotiate directly with officials of the United States with respect to the Columbia river treaty, or with agencies of the government of the United States on details relating to the Columbia river negotiations, and in particular the price to be paid for power. These matters are the responsibility of the

federal government. They are the responsibility of the federal government according to tradition, precedent and practice. It is this government which should conduct the negotiations, giving effect to the wishes of the province so long as they do not transgress the national interest. When it comes to negotiations between Canada and another country, the federal government must take the responsibility.

What is hapening now has all been done with the obvious, though tacit, agreement of the government of Canada. Without a doubt, in view of the statements made by Premier Bennett to the press, the silence of this government means consent. It is a well known and well established practice that the government of Canada cannot delegate its powers with respect to external affairs or its dealings with foreign nations.

What is the latest act in this drama? We find that recently Mr. Avery Peterson, the United States consul-general in Vancouver, visited the Columbia riding during the provincial by-election. I am informed that while he was there he attended political meetings and took copious notes of what speakers for the New Democratic party and others had to say. He visited around, held conversations with people and all the rest of it. In our opinion, and in the opinion of a good many people, this was in extremely bad taste, especially in view of the particular issue which was concerning the electorate of that riding at that time. His presence was resented by some people including some of the electors. Others considered it a subtle form of influence brought into the campaign at the instigation of Premier Bennett. We object to the use of officials of the American state department to influence the electors of British Columbia in a provincial by-election.

Newspapers use the phrase "Bennett-United States negotiations" and correspondence refers to the same thing. This clearly indicates that a good many people are of the opinion that the government of Canada has surrendered its sovereign rights in this respect and has said to Premier Bennett of British Columbia: You go ahead and do the negotiating. We object to this practice.

I will just make reference to the law in the United States. The government of the United States is very jealous of its federal powers and under its constitution no state is permitted to deal with any foreign power. I have looked into the matter and I have the book here, but I am not going to take the time of the house to refer to it. When an ordinary stump rancher starts to wander through legal tomes, Mr. Chairman, he has got a task on his hands, however I spent yesterday afternoon reading up on this subject. I find that the United States will not tolerate any executive or official of a state government dealing in any manner with any other country. Under the oath of office taken by the executives of state governments they take an oath to the constitution and to abide by this principle, and if they violate that oath of office by overstepping the responsibilities of the state government and transgressing the rights and responsibilities of the federal government they can be impeached.

In my opinion, Mr. Chairman, first of all the government has departed from the established and recognized procedure and practice in its negotiations with the government of the United States and the government of British Columbia with respect to the Columbia river treaty, and I am not alone in that view. Second, it has by its tacit agreement with Premier Bennett's direct negotiations with officials of the government of the United States or its agencies surrendered its sovereign rights and has violated a principle that has been given effect throughout the years by tradition, by practice and by procedure. Third, by so doing it has established a precedent that will promote the balkanization of Canada and sow the seeds of national disunity in the days ahead. Just imagine if each provincial government, accepting the procedure that has been recognized and accepted so far as Premier Bennett is concerned, started to trot off to Washington or some other country to deal directly with officials or agencies of that country, rather than such negotiations being carried on in the regular or recognized way.

In conclusion, Mr. Chairman, I want to protest this government's surrender of its sovereign powers and its delegation of these powers to the government of British Columbia, particularly to Premier Bennett. I want to protest on behalf of this party this weak-kneed avoidance of responsibility in this most important matter. Finally, I say to the government: Stand up for Canada, represent Canada, and let us keep Canada a nation by so doing.

Mr. Crouse: On page 15 of the supply report under bilateral economic aid programs there is an item of $3,458,333 for the Colombo plan. Could the hon. gentleman piloting this measure through the house give us a little more information on what this expenditure entailed?

Mr. Benson: This is included to maintain the proper distribution between the fiscal years 1962-63 and 1963-64 of credits to the fund and to bring before parliament a supply bill for 1962-63 to authorize payments that would have been authorized in that year if it

had been a normal one from the point of view of supply. Normally this would have been in the final supply bill which was not presented during the past fiscal year.

Some hon. Members: Carried.

The Chairman: Carried. Finance?

Some hon. Members: Carried.

The Chairman: Carried. Page 12, fisheries.

Mr. Nowlan: What is that item of $134,334?

Mr. Benson: This has to do with operations under the fisheries indemnity plan during the year 1962-63. I have a brief table here which I could read. The total deficit in the accounts as of April 1, 1963 was $23,976. Vessel indemnities paid were $302,978 whereas premiums received were $222,265, leaving a net cost of $80,713. Lobster trap indemnities paid were $174,754 and premiums were $22,109 leaving a net loss of $152,645. These add to total deficit of $257,334 of which governor general's warrants authorized reimbursement to the amount of $123,000 leaving this balance of $134,334 to be reimbursed.

Mr. Nowlan: It is just a transfer of accounts and some bookkeeping entries?

Mr. Benson: Yes.

The Chairman: Shall fisheries carry?

Some hon. Members: Carried.

The Chairman: Carried. Forestry?

Some hon. Members: Carried.

The Chairman: Carried. Governor General and lieutenant governors?

Some hon. Members: Carried.

The Chairman: Carried. Insurance?

Some hon. Members: Carried.

The Chairman: Carried. Justice?

Mr. Nowlan: There is an item there of $51,140 but I am not sure whether it comes under justice or penitentiaries. Is that for breakage at St. Vincent de Paul?

Mr. Benson: There are two items, one of $51,140 and another approximately $5,000. They arise out of the uprising at St. Vincent de Paul and their purpose is to reimburse the inventory account for losses.

Mr. Nowlan: We are being charged with the estimated losses in the inventory accounts following the riots at the penitentiary?

Mr. Benson: Yes.

The Chairman: Carried. Labour?

Some hon. Members: Carried.

The Chairman: Carried. Mines and technical surveys?

[Mr. Benson.]

Mr. Nowlan: Does the Northern Canada Power Commission come under this?

Mr. Benson: Under northern affairs.

Some hon. Members: Carried.

The Chairman: Carried. Page 19, national defence. Carried?

Some hon. Members: Carried.

The Chairman: Carried. Page 20, national film board. Carried?

Some hon. Members: Carried.

The Chairman: Carried. National gallery of Canada.

Mr. Monteith: I wonder whether the parliamentary secretary could give us an idea how this extra amount came to be required for the purchase account?

Mr. Benson: I mentioned this in my speech and I think it is recorded in *Hansard*. There are several amounts which are included here to bring up the contributions to these particular funds to the amounts that were decided upon in the supplementary estimates for the year, including the estimate that was not tabled, so that the contributions would be the total amount that it was intended to contribute for that particular purpose in the year. It is not a specific expenditure in the year but it was decided that a certain amount would be contributed to the national gallery, and this is to bring it up to the full amount.

Mr. Nowlan: It is a bookkeeping entry?

Mr. Benson: It involves cash.

Some hon. Members: Carried.

The Chairman: Carried. Page 20, national health and welfare.

Mr. Pascoe: On page 20 it refers to health services, including assistance to the provinces, and on page 21 there is reference to hospital construction grants. Could that be broken down into the individual grants for the various provinces?

Mr. Benson: Pages 20 and 21 of the bill?

Mr. Pascoe: Yes.

Mr. Benson: I am sorry, but I do not have it available. I will undertake to get it for the hon. member if he requires it.

The Chairman: Page 21, national research council, shall it carry?

Some hon. Members: Carried.

The Chairman: Page 22, national revenue?

Some hon. Members: Carried.

The Chairman: Northern Affairs and National Resources?

Mr. Nowlan: There is one item here about which I should like an explanation from the parliamentary secretary. I refer to the item relating to the Northern Canada Power Commission, $7,004,000; is that a write-off or a transfer of some kind?

Mr. Benson: The Northern Canada Power Commission agreed to construct certain installations, other than of a power nature, at Inuvik, in the Northwest Territories, on the undertaking that the federal government would reimburse them for the amount. There were non-interest bearing loans made during the period of construction. During the last fiscal year, construction was completed and this is the amount brought forward to reimburse them. Construction extended over a long period and advances were made, for instance, as far back as 1957-58 when there was $1 million advanced and in 1958-59, $5 million. These were advanced as non-interest bearing loans.

Mr. Nowlan: This is a crown corporation and there was a transfer from one book to the other?

Mr. Benson: Yes.

Mr. Lambert: During those years, was there no regular period of amortization advanced, or was this just at call?

Mr. Benson: No, the crown made non-interest bearing advances so that the work could be carried out.

Mr. Lambert: Yes, but the reduction is by the crown of Canada?

Mr. Benson: All that is involved is that the crown paid out money over several years. Now, the crown is writing it off because it is not going to receive it back. This work was being done for northern affairs.

Mr. Lambert: I realize that, but I wondered if there was a regular program of amortization under which a crown company was carrying it or whether your bonds or indebtedness were designed to be chargeable to current account, in which case one could readily accelerate any future indebtedness so that it all fell in, in one year. This is my reason for asking if there was a program of amortization.

Mr. Benson: The terms required under section 3 (a) of order in council P.C. 1957-36/626 required that upon completion of construction of these facilities, the Northern Canada Power Commission would be reimbursed in respect thereof. Construction has been completed since March 31, 1962 and Northern Canada Power Commission invoiced the department for the total amount of $7,003,914.

Mr. Lambert: That is the obligation I was looking for.

The Chairman: Page 26, post office?

Some hon. Members: Carried.

The Chairman: Privy council?

Mr. Crouse: On page 27 there is an item covering payments to the national centennial fund to enable grants to be made to the provinces for local projects of a lasting nature. Could the parliamentary secretary tell the committee which provinces required this money so urgently?

Mr. Benson: I will need a moment to look it up. Basically, these are contributions being made on an annual basis to this fund. This was one of the items to bring up the total contribution in the fund to the amount agreed for the current fiscal year. The actual amounts given out to the provinces, if any, I would have to ascertain. As I said, this is an amount contributed to the fund at the end of the fiscal year to bring it up to the amount agreed upon.

The Chairman: Shall the privy council item carry?

Mr. Douglas: There is an item here for the prime minister's residence, $23,930. This is a rather delicate matter which I am sure the government itself cannot raise. However, I think it ought to be raised, and some members ought to pay some attention to it. Originally, when the prime minister's residence was set up, at the insistence of the prime minister at that time, there was a provision that the prime minister would pay $5,000 a year for the privilege of living in the prime minister's residence. Naturally, the wishes of the prime minister at that time were respected. The fact is that this must impose a very serious burden on whoever is prime minister of Canada. I am told that the prime minister not only pays to live in the house but he must also hire his own chauffeur to drive his own car. I know he gets an allowance towards his car, but it would not begin to meet that kind of expense.

I am making the suggestion to the government that when they are drafting the estimates for next year, it seems to me that this ought to be re-examined. I think the time is overdue when we should take this item out of the legislative requirements and allow the prime minister to live in that house, as he ought to be allowed to do, without having to make any payments. Certainly, if he has, in addition, to hire a chauffeur and buy his own car, that is a burden. The prime minister cannot drive an ordinary car like the rest of us drive. He needs one that is commensurate with the dignity of the office

which he holds. Now, I do not believe hon. members want to impose that kind of burden upon any prime minister of this country. I should like to say, and I am sure most members of the house would agree, that if the government when they are bringing down their estimates for the next fiscal year, eliminated this $5,000 requirement and made some provision for supplying a chauffeur, that would meet with general approval.

Mr. Benson: I wish to thank the hon. member, and I will undertake to bring these remarks to the attention of the Minister of Finance who, I am sure, will bring them to the attention of the government.

Mr. Nowlan: There are other charges that should be borne in mind, and I am sure the government will bear them in mind. There is the fixed amount of rental paid, the supplying of a car and chauffeur, and then there are payments made to the national capital commission for the maintenance of the grounds and gardens. These payments run into a substantial amount during a year, and I think all this should be considered at the appropriate time, and some changes made.

The Chairman: Shall privy council carry?

Some hon. Members: Carried.

The Chairman: Public archives and national library?

Some hon. Members: Carried.

The Chairman: Public printing and stationery?

Some hon. Members: Carried.

The Chairman: Public works?

Mr. Rapp: I should like to direct attention to item 45, construction of buildings in Saskatchewan. Were there any R.C.M.P. barracks constructed in the following towns of Wadena, Melfort and Humboldt?

Mr. Benson: These are last year's estimates. I could not say whether they are included in here or not. I would have to look.

Miss LaMarsh: It is your constituency; don't you know?

Mr. Rapp: I know.

The Chairman: Shall the public works item carry?

Mr. Nowlan: No.

Mr. Winch: Since these are last year's estimates I should like to take one minute and ask the sponsor of the bill if he will have a little talk with the Minister of Public Works. A contract which was let under last year's estimates related to the construction of a concrete wall at the maximum security section of St. Vincent de Paul penitentiary. I, along with two other hon. members, spent last Friday there. The wall is completed. There are over 70 men in the segregation section of this maximum security institution. They have not been out of their cells for weeks on end. The reason they have not been out for weeks on end—they are the roughest, toughest, criminals in Canada—is that public works has not seen to it that the contractor supplied a pair of hinges to be put on a gate in that wall. The Department of Justice cannot do a thing about it. So, you have a position where the groundwork is laid for suicide and murder because of the lack of hinges on a contract that was let by the Department of Public Works.

I am very grateful for having the opportunity of raising this matter right now, because the three of us spent all day on Friday going through that place. They are asking for trouble when they have some of the worst criminals in Canada incarcerated inside cells, without a break for weeks on end. They cannot get even a half hour's exercise in the prison yard because the Department of Public Works contractor has not come up with a pair of hinges. I ask that something be done about it quickly.

Mr. Benson: I will be most pleased to bring this matter to the attention of the Minister of Public Works.

The Chairman: Shall the public works items carry?

Mr. Nowlan: There are one or two questions I would like to ask with respect to Central Mortgage and Housing Corporation, which comes under public works. Item 206 deals with reimbursement on dominion-provincial projects to the extent of $754,794, and item 208 deals with losses sustained on the operation of federal-provincial projects of $1,204,939. On looking up the revised estimates for these items I notice that the treasury board decided neither one of these items would be necessary for this year, and I now wonder why they are included again in the estimates.

Mr. Benson: The notation I have on this is that each year there is included in various supplementary estimates an amount representing the value of expenditures on community planning and grants to universities and other research agencies to restore the capacity given under the National Housing Act, and to bring the programs before parliament for review. I have the final supplementary estimates with regard to 1962-63, including this amount of $754,794, and I have the

analysis of the expenditures. This breakdown I could let the hon. member see and it would explain the total of $754,794.

Similarly with item 208, in accordance with the usual practice this item is included to obtain the sanction of parliament for the reimbursement to the corporation of losses sustained by it in 1962 in the operation of federal-provincial projects across the country. I have a list of the projects here on which losses were incurred, and they total $1,204,939, which is requested in this particular item.

Mr. Nowlan: All I am saying is that the final supplementary estimates have not omitted these. They were deleted in the revised estimates submitted to the house some months ago, and they were struck out by treasury board as being unnecessary for this year. Presumably they may have been incorporated in some preceding year, and in the setting up of these final estimates somebody has copied the items which appeared before without checking to see whether they were deleted.

The Chairman: Shall the public works item carry?

Mr. Lambert: Subject to the caveat by the hon. member for Digby-Annapolis-Kings, perhaps the parliamentary secretary could file the particulars with respect to these amounts because they are brand new items.

Mr. Benson: I will undertake to file particulars with respect to these items.

Mr. Barnett: Could we get some information on the point raised by the hon. member for Digby-Annapolis-Kings. I was going to ask the parliamentary secretary whether these were items that would normally appear in the supplementary estimates for the year that was passed?

Mr. Nowlan: They are not in this year; I can assure you of that.

Mr. Barnett: We all understand that the hon. member for Digby-Annapolis-Kings has some special knowledge of the situation, and he has suggested that those items were not in the final supplementary estimates and in his view, and in the view of the government of which he was a member, they would not have been in these accounts had we not had a change of government. This is something that we would be interested in seeing clarified.

Mr. Benson: These are funds that were laid out by Central Mortgage and Housing Corporation, and it is a matter of when you reimburse them for it. Is that not correct?

Mr. Nowlan: They are bookkeeping entries, I suppose.

Mr. Benson: With regard to item 206, under section 35 of the National Housing Act the minister may reimburse the corporation out of the consolidated revenue fund, and in general the provisions include technical research, such as into the construction and designing of houses. Expenditures for the period April 1 to December 31, 1962 by Central Mortgage and Housing Corporation in this respect were the total I have indicated of $754,794, and the corporation has to be reimbursed for this, and it is therefore necessary to bring it into the final supply bill.

Similarly with item 208, it is to reimburse the corporation for losses sustained by it during the calendar year as a result of the operation of federal-provincial projects undertaken under section 36 of the National Housing Act. During the calendar year 1962 Central Mortgage and Housing Corporation made reimbursements for losses sustained as the result of operating federal-provincial projects in the various provinces to the amount of $1,204,939, and it is now being reimbursed this amount. It has been paid it and it is therefore put in the final supply bill.

Mr. Barnett: It would seem logical to me that if at some point a loss is sustained parliament should be asked to approve the reimbursement. I was a bit puzzled by the remarks made by the hon. member for Digby-Annapolis-Kings.

Mr. Benson: There will be a similar item in the final supplementaries for the current fiscal year, 1963-64.

Mr. Pascoe: Under item 209 I wonder if the parliamentary secretary could oblige me in the same way he did before, and give a list of the municipalities which have benefited by this forgiveness.

Mr. Benson: I would be most pleased to table this information, which I have.

The Chairman: Shall the items carry?

Some hon. Members: Carried.

The Chairman: Page 30—Royal Canadian Mounted Police. Shall the items carry?

Some hon. Members: Carried.

The Chairman: Secretary of State; shall the items carry?

Some hon. Members: Carried.

The Chairman: Trade and commerce. Carried?

Some hon. Members: Carried.

The Chairman: Transport; shall the items carry?

Mr. Lambert: With regard to item 26 is there provision for the write-off of the value of land purchased for development of the Cornwall canal navigation system?

Mr. Benson: I would be pleased to comment on this. This was some land that was purchased with a view to doing further work on the Canadian St. Lawrence seaway through that portion of the country. The land is carried both on the books of the government of Canada and the books of the St. Lawrence seaway commission. As it is not usual for the government of Canada to carry land as an asset on its books, the Auditor General, over a two year period, has recommended that this asset be written off to general revenue by the government of Canada. It of course remains on the books of the St. Lawrence seaway commission. This is a bookkeeping entry, really, to write off the particular land value as it is shown in the records of the government.

Mr. Nowlan: Could the parliamentary secretary tell us when the land was purchased?

Mr. Benson: I could, if I looked it up. It was several years ago.

Mr. Nowlan: It was purchased a few years ago?

Mr. Benson: That is right.

Mr. Nowlan: And it was decided this year to write it off?

Mr. Benson: Yes.

Mr. Nowlan: I have one other question on this matter, Mr. Chairman. My hon. friend was asking the question a while ago as to how these items came in. I would ask the parliamentary secretary to look at vote 35 of the Department of Transport. That is now shown in the report on supply as $3,757,000, and we are making up the difference. The revised estimates which were tabled in the house—and with which I had something to do, as well as other hon. members here—show that amount as being reduced to $3,250,000, and it appears right here. I suggest there has not been a cent of this money spent; it is a bookkeeping entry. Regardless of the fact that the government, treasury board and everyone else spent weeks in revising and bringing down a new set of estimates, we have the old, original amount. They have not even bothered to look at the revised estimates, wherein this amount was reduced to $3,250,000 from $3,757,000. Therefore we get this additional amount charged up against the government for this year.

[The Chairman.]

I say this is not only a bookkeeping entry but it is one which is a reflection on parliament, because of the estimates which were brought down and which have been lying on the table for months. Those estimates have now been changed by someone and we are charged with an item that has no justification whatsoever.

We are told, in regard to some of them, that they could be in the final estimates that we never brought down. This particular estimate was brought down; the book of revised estimates was brought down. The same thing applies to the other items to which I referred a few moments ago. The item in the revised estimates said this amount was not needed, but we have it before us again today. Again, Mr. Chairman, this is an example of putting in figures which will add up for this government and for which the preceding government will be held accountable in the final accounting.

Mr. Benson: I disagree with this, Mr. Chairman—

Mr. Nowlan: Let me ask the parliamentary secretary this question. Has the parliamentary secretary the revised estimates in front of him; and if he has, what is the amount for this item?

Mr. Benson: Does the hon. member mean the final supplementary estimates which were never tabled?

Mr. Nowlan: No, I am asking about the revised estimates, which were tabled.

Mr. Benson: I have them in my office, Mr. Chairman, but not here. With regard to this particular item and the $507,700 which is added here, which I presume is the amount about which the hon. member is talking, this amount required to cover the balance owing to the national harbours board for dredging done by that organization in Montreal harbour for D.O.T. Originally the cost was to be spread over a two year period, but because of the availability of dredging equipment, MacNamara Marine Limited, the contractor, completed the project last fall. There were approximately 925,076 cubic yards removed at $1.10 per yard, for a total cost of $1,017,584. The ship channel had already paid the national harbours board $509,933, and the amount shown is for the balance of $507,651 which was owing and has been paid.

Mr. Olson: Mr. Chairman, I would direct the attention of the parliamentary secretary to the item under vote No. 214 on page 61 of of the report on supply, and on page 35 of the bill. Before I put this question to him I would like to express my sympathy to the

parliamentary secretary for having to answer for the sins of omission and commission of the previous government.

Some hon. Members: Hear, hear.

Mr. Olson: I would like to know when the $16 million under this item was paid, because as is indicated in the report on supply no part of it was voted on the interim supply bills that were brought in from time to time during the last parliament.

When we turn to the new estimates which have been tabled for this year, we find that while the $50 million grant to the railways under vote No. 213 is acknowledged and recorded as a decrease in the current fiscal year, the $16 million paid under the Freight Rates Reduction Act is not even acknowledged as a decrease from the previous fiscal year in comparison with this year. I was wondering how it got in there. I presume it was authorized by governor general's warrant, but I am wondering why it was not acknowledged as a decrease. The other thing I would like to know is, what is the government's intention for this fiscal year with respect to the $50 million paid last year under vote 213 and the $16 million that was paid under vote 214.

Mr. Benson: Mr. Chairman, I wish I were the former minister of transport so I could tell the hon. member why this was paid and exactly when it was paid. All I can tell him is that it was paid under governor general's warrant. Presumably it was paid after the dissolution of parliament last February 6, so it would be paid in one of the two governor general's warrants which I believe were dated February 8 and March 4. It would have been paid at that time. In this year's estimates these two items, the $50 million and the $16 million, are grouped together, I believe, although I prefer not to discuss this coming year's estimates at this particular point.

Mr. McIlraith: That is right; they are grouped together.

Mr. Olson: Mr. Chairman, I realize the parliamentary secretary's reluctance to discuss this year's estimates. But if he looks at page 409 of this year's estimates he will find there is an item for $50 million listed as a decrease. It is not actually $66 million; it is an even $50 million, which I presume is the $50 million paid last year under vote 213. There is not in the current year's estimates even an acknowledgement that it was paid last year.

Mr. Pickersgill: Mr. Chairman, perhaps the hon. gentleman would look at the supplementary estimates, where he will find the item, I think. They were tabled in June.

Mr. Nowlan: Mr. Chairman, I have one more question on transport. I suppose the write-off of loans to the harbours commission is in the same category as the other write-offs?

Mr. Benson: Yes, Mr. Chairman. I mentioned this in my speech earlier, the hon. member for Digby-Annapolis-Kings will recall. I said there was an amount of $284,700 which was lent to the harbour commission of New Westminster, British Columbia, to be used, as I recall it, to link some islands together for an industrial development; a bridge was to be built and a causeway. Ultimately this development did not occur, the government decided this money is not recoverable and therefore it has been written off.

The Chairman: Shall the transport items carry?

Some hon. Members: Carried.

The Chairman: Shall the veterans affairs items carry?

Some hon. Members: Carried.

The Chairman: Shall the loans, investments and advances items, page 38, carry?

Mr. Nowlan: They do not affect the budget.

Some hon. Members: Carried.

Schedule agreed to.

Preamble agreed to.

Title agreed to.

Bill reported.

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

Mr. Pickersgill: Now, by leave.

Mr. Nowlan: By leave.

Mr. Knowles: By leave.

Mr. Pickersgill (for Mr. Gordon) moved the third reading of the bill.

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

At six o'clock the house took recess.

AFTER RECESS

The house resumed at 7 p.m.

ECONOMIC COUNCIL OF CANADA

PROVISION FOR ESTABLISHMENT AND DEFINITION OF DUTIES

The house resumed from Thursday, July 11, consideration of the motion of Mr. Lamontagne for the second reading of Bill No. C-72,

to provide for the establishment of an economic council of Canada.

Miss Pauline Jewett (Northumberland): Mr. Speaker, I should like to talk about what this economic council is to do and what its chief purposes are. I shall do this in a fairly general way because I realize that there will be a closer discussion in the committee stage on the clauses of the bill. I shall focus my attention primarily on the first two of the three purposes which were outlined on Thursday last by the President of the Privy Council. The first purpose is that of economic research, forecasting and planning. The second is making policy recommendations on the basis of this research, forecasting and planning. The third purpose is to take over the functions of the national productivity council, which I believe is pretty well understood. In any event this will no doubt be discussed by others, so as I say, I shall restrict myself to the first two of the council's functions. In the course of doing this I should like to compare the role of the council, to some extent at any rate, with the proposed national economic development board introduced by the Conservative government in the last session.

The first duty of the council is to initiate and conduct basic research on all aspects of our economic life, and in particular to assess fairly regularly the medium term and long term prospects of the economy, and to compare such prospects with the potentialities of growth of the economy. It is also to study how economic growth, technological change and automation and international economic change may affect employment and incomes in Canada as a whole, in particular areas of Canada and in particular sectors of the economy, as well as the study of several other matters which are explicitly set out in the bill. These areas of study and research are set out more specifically in this bill, incidentally, than they were in the national economic development board bill introduced last session, and they are much more comprehensive. It seems to me, therefore, that the advice and recommendations which arise out of this basic research will be much more valuable. This is, then, the first distinction to which I would draw hon. members' attention between this bill and the one introduced in the last session.

I should think there is nothing very controversial about this provision for the collecting, co-ordinating and analysing of basic economic data. The only wonder is that it was not done years ago on a systematic and comprehensive basis. Actually, work of this kind was done during the latter war and early post-war years, particularly, it will be recalled, under the auspices of the department of reconstruction. Much of this work culminated in the federal government's well known green book proposals. But as the boom of the mid and late forties came upon us, it seems to me that there was less inclination to probe into the problems and prospects of our economy, and I suppose this was natural enough. After all, why probe when it looks as though everything is going pretty well?

However, by the mid fifties concern was again shown about the prospects of the economy and some of its basic problems, and this led to the appointment of the royal commission on Canada's economic prospects and the very valuable studies which it conducted. In the years that followed, despite the host of acute economic problems that arose, many of which had been foreseen in the Gordon report, the government of the day, it seems to me, showed little inclination for the kind of continuing economic research and analysis on a systematic and comprehensive basis which seemed, to this party at any rate, to be urgently required. A certain amount of basic, fundamental research has for some years now, it is true, been conducted in a few of our departments of government. For example, in the economics branch of the Department of Trade and Commerce short-term economic forecasting is carried on. But as the Glassco commission points out, the basic research which has been done in recent years has hardly been sufficient to build up adequate or profound knowledge of our economy.

There are various ways of getting more basic research done. For example, you could have a series of royal commissions. This is what Sweden used to do for its basic economic analysis and forecasting. I believe there was a commission for every period for which there was to be a plan. This has since been abandoned; but that is one way in which it could be done. Or you could try to have more basic research and analysis done in the various departments of government most concerned; or you could have a single research unit located in one department, possibly the Department of Finance.

I think, however, that the proposal for an economic council is best partly because it has other functions to perform apart from basic economic research. Even in the field of basic economic research I think it is the best kind of organizational set-up we could have. There is a tendency to let the economists who are employed in the various departments of government do the basic research last. It is regarded as something of a luxury, though it should not be. This is not at all likely to be the case in relation to special economic agencies. Furthermore, I think we are likely to get a sympathetic approach from the

senior people on the council, as it is constituted with the idea that research should be conducted on a systematic and continuing basis. Their attitude might be more sympathetic than in particular departments of government which are preoccupied from day to day with their own problems and with the carrying out of policy.

Much will undoubtedly depend, as the hon. member for Port Arthur (Mr. Fisher) said, on the calibre of the chairman and of the full time members of the council. I think it is extremely important that these should be highly qualified persons with a great deal of knowledge in this field.

There is another reason why the council is a good idea, and this leads me to the second part of its first duty, namely, on the basis of its economic analysis and forecasts, the drawing up of an economic plan or plans. The economic council will be able to draw substantially both in its forecasting and in its planning on the resources of various parts of the economy. It will undoubtedly second economists from various departments of government. It will, I should think, second for short periods of time economists and others from private industry, from universities, from labour and elsewhere. I hope it will. It will also engage through its membership and through the standing committees which it is authorized to set up, in close collaboration with the public as well as the private sectors of the economy. I think it is implied in this bill that there will be very close consultation indeed between the council and its staff on one hand and the private sector of the economy on the other, as there will be between the council on the one hand and the agencies of the federal and provincial governments on the other. Indeed, the reliability of the forecasting and the usefulness of the planning will depend very much on the confidence established between government, labour, industry, provincial economic councils and so on. Therefore, there must be co-operation at this level.

In approaching the second phase of its first function, the council will, then, through its own membership, through the expert staff it employs, through the economists and others it seconds, as well as through the consultation it carries on with the other sectors of the economy both in the private and the public sectors, be able to gather up and attempt to co-ordinate the sum total of the plans and decisions of private and public bodies.

Here, it seems to me, is another major difference between this bill and the bill which was presented last year. There was nothing in that bill to suggest any kind of collaboration with either the private sector of the economy, or the public sector, including the provincial governments. The latter is all the more surprising because of the interest the party which was then in power professed to take in federal-provincial relations. But it seems to me they were taking a view of these relations which is, basically the watertight compartment view enunciated many years ago by the judicial committee, a view which has now resulted in the theory of federalism that I call the collision theory, namely that the federal government and the provincial governments shall each go their own chosen ways until one comes in contact with the other, until there is collision. In some areas it may be possible to carry on in this way, but in many areas of policy, particularly in those of public investment, I think we must revise our thinking about this entirely. We can no longer take a narrow, juristic point of view about this. It seems to me that where one has the federal government, provincial governments and municipalities together controlling about 30 per cent of all investment, and where, of that amount, the provinces and the municipalities actually have more economic weight than the federal government, there must be at a very early stage, as provided by this bill, some degree of discussion, some comparison of plans and intentions, some attempt at co-ordination. This is, in some respects, almost a revolutionary concept. Nevertheless, it is one which is being adopted now by some extremely able people, particularly in the provinces. I am thinking of Quebec and Saskatchewan where I have heard this view frequently expressed, but it is current in others, too.

Therefore, an important element of this bill is the provision it makes in the last paragraph of clause 9 for consultation of this kind, to some extent in forecasting but particularly in drawing up plans indicating desired levels of investment and other matters. Similarly it is important to have collaboration of this kind with the private sector of the economy and, again, the bill makes provision for this to be done. Taking the field of investment again, the remaining 70 per cent of investment in this country, as is well known, is largely in the hands of three or four dozen large corporations. These, in recent years, have, in a way, been far more progressive than the government in realizing that there must be much more involvement with the public sector than was the case in the past, more need for planning. Therefore there is this important provision that the council study and discuss with the various elements in the private sector what specific plans for production and investment in major industries in Canada will best contribute to a high and consistent rate of economic growth. The

economic council will not be a body of pure researchers totally removed from everyday life, and it seems to me it is important to point this out. The other members of the council, the people who are drawn from various representative organizations, will, of course, keep in touch with broad movements, attitudes and ideas in Canadian society. As I say, the staff of the council itself will be composed not only of a body of permanent people but will be drawn from various parts of both the public and private sectors; and I should think that the council will engage in fairly continuous consultation with the major elements that have the main weight in our economic life.

As a result of this research and consultation the council, as I have suggested, draws up an economic plan or plans. The fact that it should draw up a plan at all, the fact that it should say, after its investigation to see what the growth potentialities of the economy are, here is a target rate of growth or a feasible rate of growth and we will now work out in detail by economic sectors and regions the amounts of investment that the achievement of this rate of growth requires, is a major departure. The fact that it does this also makes the present bill different from that of last session. On the basis of its economic analysis and forecasts, its consultation, its attempt to try to get together all the help it can, the council will inevitably spell out the implications, in investment and in other fields, for individual industries, especially the major industries, and I should think also the implications for the various public sectors of the economy.

I have been using the illustration of investment but one can use others equally well. The bill envisages, as I say, close collaboration between the public and private sectors of the economy both in economic forecasting and in drawing up the kind of economic plan that will or might make the target rate of growth attainable. The council in itself, according to the bill, does not have the power actually to implement its plan or plans. It cannot say to industry: All right, we have examined the investment picture with you and you are to conform with our investment program, with what we think is the ideal amount of investment for you to be engaging in over such and such a period of time. It does not have any coercive power. Indeed, I know very few planning agencies in the democratic world which have coercive power. It is really almost a red herring to suggest that they do.

What power does the council have? First of all, it has the power of publicizing its views, of publicizing its plan. Here we come to another difference between this bill and the one last year, in that the council will not only initiate studies, which is extremely important in itself, but will publish an annual review of economic prospects and problems which will undoubtedly improve public understanding and certainly will raise the level of public discussion. I think there might be even further areas of publication possible for this council.

I agree with the leader of the Social Credit party who argued on Thursday the importance of publishing as much as possible. I have already pointed out one great improvement over last year's bill in this connection and there may be others. Certainly from the standpoint of educational value, for persuading businessmen to take a longer term view of growth, for educating government at all levels, and the public, in the policies required to facilitate growth and educating them generally as to other objectives, there is perhaps nothing so important as publication.

The council will also have the power of recommendation, and we come to its second major duty or function. It will have the power to recommend policies to the federal government that will contribute to bringing our economic prospects more closely in line with our potentialities of growth, to recommend policies that will in effect implement the plan that has been drawn up. There is no reason that some of these recommendations, where they fall in areas outside the jurisdiction of the federal government, cannot be made available to private industry, the provincial sector, municipalities and so on. In some cases I should think this would be possible, and certainly it is desirable.

In other words, this is the very opposite of planning for planning's sake, which was one of the arguments the official opposition put forward the other day. You would have planning for planning's sake if you did not do anything, if you simply had a bunch of people sitting around drawing up lovely plans, and that was that. What you have here is the hope that the plan may be implemented. There is no coercive power. There is a persuasive power. If the membership of the council is drawn from highly qualified people there is no doubt it will have quite a strong persuasive power. And it does have the power —I agree this was also in the Conservative bill of last year but it was so hidden I had a difficult time finding it—to make recommendations for the kind of government policies that will best implement the plan. These may be recommendations that involve a kind of intervention that we do not now have. They may be recommendations that involve only the implementation of the kinds of

policies we have had in the past, fiscal, tariff, tax, monetary and other policies.

The bill in itself naturally does not say what kind of policies might be recommended. For all one knows, the policies recommended might actually involve less intervention in toto by government rather than more. I was reading a book the other day which many hon. members have read recently, "Beyond the Welfare State" by Gunnar Myrdal. By the way, I hope it is still not too un-Canadian to read books, as it apparently is to write them. If I may digress for a moment, may I say I was shocked by the remark of the Leader of the Opposition (Mr. Diefenbaker) last Thursday that "the last thing a person going into politics should do is write a book". I must confess that as I listened to that remark it seemed to me it would exclude from politics, Winston Churchill, Harold Wilson, President Kennedy, Prime Minister Nehru, President Radhakrishnan, President de Gaulle. Indeed, as I ran down the list I realized it would exclude everybody but the right hon. gentleman. Actually I mean this quite seriously. I am shocked at a statement like that. It may be, of course, that he was scourging the party to which I belong because some of its members have written books. Perhaps he did not intend the statement the way it came across, but what came across so strongly to me, and I am sure to other members of the house, was that he meant what be said—that the last thing one should do if one is going into politics is to write a book.

Mr. Pickersgill: Or even read one.

Miss Jewett: Just do not let the halls of parliament become halls of learning; perish the thought. I do hope that there were no young people in the galleries to hear this kind of advice. In any event, as I say, I hope it is not contrary to the Canadian way of life either to write books or to read books.

After this small digression I should like to return to the book "Beyond the Welfare State", by Gunnar Myrdal who says that planning is probably the only alternative to the chaos created by unco-ordinated and disorganized state intervention, the very kind of unco-ordinated, disorganized, ad hoc intervention we have known in this country for too long, and especially during the last few years. Rather than being the bureaucratic confusion which the Leader of the Opposition described, it could well result in the very opposite, the more rational use of the power of the state which I am sure is something we all really want in the long run.

Finally, whether the government will adopt policies that are recommended, whether it will try to implement, so far as it has jurisdiction to do so, the plans that are drawn up, will depend of course entirely upon the government. Whether it will use the old tools or whether it will fashion new tools, will also depend a great deal on the government of the day, upon the conditions of the day, upon the attitudes and state of mind of the Canadian public. I would think it quite possible, after this council has been in existence for a while, that the Canadian public will become much more aware and knowledgeable of the Canadian economy, its problems and prospects. We might then become much more willing to use what I call a rational use of the state in areas where we can aid and increase employment, make for a better rate of economic growth and provide a better life for Canadians.

What is clear is that whatever action the government takes, it will undoubtedly be positive action. It may hurt some sectors of the economy. Whatever action the government takes will be on the basis, first, of more fundamental research than heretofore and, secondly, on a more integrated approach. It will function on the basis of a much greater degree of consultation with the public sector, federal, provincial and municipal, and with the private sector. Third, whatever action the government takes will be on the basis of a plan or a model. The philosophy underlining this government's approach is, I think, undoubtedly that of Robert Marjolin who said in the European economic commission's report put out in Brussels in 1962:

> Doubtless it is possible to make good policy without planning if the needs are so evident that there could be no doubt as to what action to take. Where they are not so evident a great deal of information and thought may be needed. In the present circumstances of very considerable uncertainty, of rapidly changing conditions, planning can help to make a rational economic policy possible.

Hon. Paul Martineau (Pontiac-Temiscamingue): Mr. Speaker, in so far as the last speaker is concerned, I wish to state how pleasant it was to listen to her. If the new board that is being envisaged by this measure has few persuasive powers, I am sure the hon. lady has many persuasive powers. I should like her to use them to try to persuade her government to do the things that will accomplish some of the objectives she has mentioned, instead of simply talking about them and further confusing an already confused situation as a result of events which have taken place since April 21 last.

(Translation):

Mr. Speaker, this evening I should like to focus my remarks on the President of the Privy Council (Mr. Lamontagne) to whom I listened with great interest and respect the

other evening. He talked with that certain confidence—that I could describe as doctrinal—for which he is known in his *pronuntiamento ex cathedra* to which he has become accustomed for some time now. He also indulged in most interesting economic prophecies, theoretically of course, and I congratulate him for that.

He took the liberty of scrutinizing the mysteries of economic cycles and I would readily recognize that no one is as qualified as he is to do so. And in the course of his scrutiny he happened to make some discoveries. He stated that among other things our Canadian economy was suffering from a stagnant condition, I even believe that he used the phrase "chronic anemia".

Furthermore, I found that, in 1954, when he was writing his book on Canadian federalism, which has been abundantly commented on in this house during this debate and preceding ones, he made precisely the same remarks we have just heard, as shown on page 136 of his book, which contains some statements about the economic stagnation found in several parts of the world, particularly in Canada. In fact, he stated—and he was perfectly right to do so:

> The nightmare of economic depressions, during which production falls sharply, has surely not vanished yet. Finally, practically nothing has been done to put a stop to seasonal declines in production. Far from having been overcome, those difficulties are still the greatest economic problems we will have to tackle.

A little further he said:

> That is why the government policy must aim first at assuring a balanced expansion or, more exactly, a national revenue and an employment level that will be stable and high.

He was right in saying that and I congratulate him for doing so at that time, by taking an entirely non-partisan stand. However, in his remarks last Thursday, the President of the Privy Council seemed to believe that that economic anemia had developed during these last few years, although in 1954, when his party was at the peak of its political history, we were faced with the same problem.

Dealing with the causes of that chronic stagnation the minister said, as stated on page 2086 of *Hansard* for July 11, 1963:

> —our private sector has almost exhausted the investment potentialities which technology created in Canada at the beginning of this century.

Obviously, the minister who is an expert in economic matters, had no intention of allowing us into the inner circle of those policies. He told the members that he was sparing them the details and in doing so he took, in a way, a take-it-or-leave-it attitude.

Indeed, I did not expect that he would waste that valuable science in dispensing it to laymen or to run-of-the-mill members of parliament.

In concluding, the minister said that the private sector left to itself cannot overcome those difficulties. Speaking of economic stagnation he said that we need a bolder and more dynamic government leadership, in other words a plan so that the various aspects of the economic policy will be well co-ordinated and so that the private sector can work hand in hand with the government.

He is against imperative planning for Canada because in his opinion, it would be politically unacceptable, economically undesirable and constitutionally unworkable. I entirely agree with the minister in that respect. But when he speaks about things that are politically unacceptable, economically undesirable, and constitutionally unworkable, has he stopped to think that it is precisely those things that the government to which he belongs has been offering us for the past few weeks?

As far as politically unacceptable things are concerned, could you find anything more so—and I merely point this out as an example—than some of the taxes applied by the Minister of Finance (Mr. Gordon) in his recent budget? As a matter of fact, those taxes were economically disastrous and politically unacceptable to such an extent that the minister had to beat a retreat. I am convinced, besides, that if it had been possible to save face at the same time, his retreat would have been complete.

Let us now deal with those things that are constitutionally unworkable.

In the first place, let us consider the statements made by the Minister of Finance in his budget speech on the priority requirements of central authorities in fiscal matters. Let us consider the municipal development and loan bill. Let us consider the establishment of the department of industry. Let us consider some of the statements made by his colleagues in this house indicating that the government is prompted by a spirit of centralization such as has never been witnessed before in the history of Canadian confederation.

He mentioned later that the planning advocated by the government and which it intends to establish in Canada is essentially a form of planning which shows the way and provides incentives—in other words that it is an indicative planning similar to the French pattern.

Near the end of his speech, he said that the bill provides for the establishment of an economic council with very extensive powers which would give planning a scope that would be comprehensive as well as flexible. Then he added that the legislation was of primary importance.

In short, he is only restating the theories put forward in his book "Canadian federalism" which, in order to be implemented, would require a new centralizing offensive.

Besides, the minister had expressed his inner convictions on that connection in his book, which is entirely imbued, if I am not mistaken, with centralizing motives and where that idea is found, among other things, on page 282. I shall quote a few sentences:

> Finally, a program of economic stability requiring a central direction and a well-integrated economic policy. All those factors indicate that the federal government will have to play a major role—

Those are the important words—

> —a major role in the collective fight against instability. The insistence put on the finer aspects of country life—

—says the minister—

> —has not solved the problems created by migration towards the cities.

That is a good example but it could be slightly changed to read as follows: The insistence put on the advantages of provincial autonomy will not solve the economic problems of Canada.

Mr. Speaker, the minister seems to think that I have great imagination but I must say that my statement is truly in the spirit of his remarks.

The minister wishes this country to adopt methods of planning which surely would not be workable within our federative framework.

On the other hand, we must ask ourselves if the object of the bill we are studying, and which aims at the creation of a Canadian economic council, is truly the establishment of economic planning in this country. The minister himself has said that such was the object of the bill.

Again, are we sure that the planning spoken about by the government is, in fact, what is called directive and indicative planning, similar to the indicative planning we find in France?

Mr. Speaker, there is not the slightest adumbration of planning in this bill. Let us take a good look at it.

One only has to read certain provisions of this bill to find many harmless words like study, examine, analyse, compare and recommend.

Indeed, Mr. Speaker, it would seem that we are among a group of normal school students. This is mere window dressing. Even though we consider all the scope, all the powers of the bill, this does not even constitute a starting point to the establishment of a planned system in Canada.

The minister may say: Well, those are partly the terms used to introduce the bill in the house last year. It is true, it has been largely copied, but at least, when the government of the time proposed the bill last year, they did not endeavour to tell us that, by that measure, they were creating some sort of planning in Canada. They merely said that the purpose of the project was to give our economy a sense of direction and to the government the benefit of experts in such matters who were available in Canada.

Consider section 9, Mr. Speaker, which is as follows:

> It shall be the duty of the council to advise and recommend to the minister—

To advise and recommend, those are the general duties of the council. To advise and recommend. Then the bill leaves the general for the particular and says that the council will have the responsibility "regularly to assess"—what does that mean? And we also read that the council's duties will be:

> To recommend government policies—
> To consider means—
> To study means of increasing Canadian participation in ownership, to study implications, to study and discuss with representatives of the industries concerned and with representatives of labour, farmers,—

Clichés, nothing but clichés.

> To study how national economic policies can best foster the balanced economic development of all areas of Canada.
> To explore and evaluate particular projects of major significance for the expansion of industrial activities—
> To encourage maximum consultation and cooperation between labour and management—
> To seek full and regular consultation with appropriate agencies of the governments of the several provinces.

To encourage, promote, organize and so forth.

Well, Mr. Speaker, I challenge the minister to prove how, with all those recommendations, with all those studies, all those analyses and all those comparisons, we will get this capital project he talks about, as well as a planned economy in Canada.

Economic Council of Canada

Mr. Speaker, if we look at French planning, we realize that it is a very different story. First, in French planning, practice came before theory. Here it is the theoretical planning of the minister which comes first. We find loud theories which help cover the lack of substance. If Montaigne were here, he would certainly wonder where is in all that the substantial marrow. Where is the substance towards which all energies will concentrate to establish planning, a guiding policy?

Mr. Lamontagne: You say that your bill was copied.

Mr. Martineau: There is nothing in all that, as I said earlier. A while ago, I was telling the minister that we had not tried to put in that project something which was not to be found in it. But here, Mr. Speaker, it is just the opposite. Here we really have the mountain that brings forth a mouse and nothing else.

In France, planning constitutes a collective work aimed at a co-ordinated economy and, to use the words of the French lecturer Pierre Masse, it is not a concert of chamber music but a symphony requiring several thousand performers.

The French planning commission is made up of some 150 experts, but with its 25 renovation boards and 20 economic and social operational groups, there are about 3,500 people.

But in this case, Mr. Speaker, I put it to you that this project will give us no plan nor even a commission. And the minister rises at his place in the house and tells us most emphatically that we have before us a major contribution, the beginning of planning.

No, these are empty words, pompous remarks, because if we go beyond the surface, looking for the contents of this bill, we find absolutely nothing. We are misleading the Canadian people if we imply that we have in it indicative planning along the line of the French pattern.

Mr. Speaker, if we consider the French plan, we see that it bears on energy producing industries, such as coal, electrical power, steel, and transportation. The emphasis is put on a reduction of prices and an organization of markets, scientific and technical development together with a specialization of enterprise.

Now, Mr. Speaker, those things can be accomplished in a country like France which has a unified government, but I submit that they cannot be accomplished under our federal system, particularly without prior consultation with the provinces. The minister was very careful not to mention that he had had any consultation with the provincial governments in that regard before submitting this legislation with such a fanfare.

Moreover, Mr. Speaker, the French plan is a logical one with a Cartesian outlook. It tends to economic integration in transferring to the national level the techniques of business agreements of private law.

Here again we are in a field strictly reserved to the provinces, the field of civil law, private law. That is why planning such as the minister wants to force upon us, is not at all feasible under the present system.

Mr. Speaker, this same French plan has a great number of modernization boards, vertical and horizontal boards, and so on. The formulation of the plan implies a strong centralization and very extensive powers for the federal government.

I know that such a centralization of powers is quite acceptable in the opinion of the minister, but it is not acceptable to a great number of members of the house and especially to the provinces.

Mr. Speaker, in the preparation of the French plan, a great many commissions set up first preliminary drafts respecting production, employment, investments and decide upon a desirable rate of growth. Then, those drafts are submitted to the government which selects a desirable rate of growth.

The government itself consults the investment section as well as the economic and social council.

Now, those organizations do not exist under our system and their establishment is not foreseen in this project or in any other legislative program now before us.

The government having made its choice, the modernization boards prepare a first preliminary synthesis and then a meeting is held between experts and members of the planning board who, after discussion and settlement of contentious points, agree to prepare a final synthesis with regard to the implementation of the plan. That plan is submitted to the government, discussed in the chamber of deputies and then approved by the president of the council. Afterward, that plan becomes the official plan for the next four or five years in France.

It should be noted in all this that the French government holds greater implementation powers than the Canadian government; besides the minister said that it was much better that way, under our system.

Besides, in France, the government sets up its budget policy according to the development program thus drafted. Here we did not do that in this case. The last budget did not have any planning implications, Mr. Speaker; it was rather the opposite.

The government sets up its credit and fiscal policies according to the objectives of the plan. Besides, in France, the government has a direct control over almost half the investments. Here in Canada, I think it is 15 per cent. So we realize that the two systems have nothing in common.

Also, in France, the government may resort to incentives, such as fiscal incentives, the granting of credit priorities and the advantages given companies which meet the objectives of the plan.

If all that is not direct coercion, it is at least an indirect form of coercion. I have noticed no indication yet that the government would be prepared to impose that form of coercion and give the country these means of implementing a real program of indicative planning.

There is absolutely no adumbration of planning in this bill or in the others submitted to the house. On the contrary, I believe that the legislation that has been introduced constitutes a confused heap of divergent interests who were anxious to be heard.

In a pretence of action, the government decided to take some measures without asking itself whether those measures were meeting actual needs of the country.

I am convinced that the measures proposed by the government are not likely to put an end to this stagnation, this chronic anemia, which the minister mentioned last Thursday. Quite clearly, Mr. Speaker, this bill does not make for economic planning in this country. If the minister is sincere—and I believe he does genuinely wish to improve economic, cultural and social conditions in Canada—I suggest that he advise his colleagues, and more particularly the Prime Minister, to call immediately, to start with, a dominion-provincial conference, and not only a conference such as the Prime Minister announced today, regarding municipalities and the contributory pension scheme, but a dominion-provincial conference to deal specifically and exclusively with economic problems.

Then, too, let the government set up permanent federal-provincial co-operative agencies, possibly a secretariat to deal with economic matters.

I think it is of first importance that the plans prepared by the government be thus established in the light of historical circumstances and constitutional needs. Let us define correctly the economic duties at both levels of government so that there will be no duplication of efforts and especially no conflicts of interests and jurisdiction.

Since this government has been in power conflicts have grown in numbers; new conflicts of authority have risen incessantly to such an extent that—and I do not think I am wrong in saying this—never have dominion-provincial relations been in such a pitiful state as they are since this government came to power. And, for pity's sake, let us forget about the concept of the leading position of the federal state.

In his book, in which he refers to the so-called advantageous position of the federal government, the minister states repeatedly that the provinces do not have the proper financial means and taxation power to implement those plans. Only if the balance is restored between the central government and the province in the field of taxation, in accordance with the provisions of the constitution, will provincial governments be able to play their true role.

Thus we would create the proper climate to stimulate the economy of the country instead of making relations worse.

In addition, the proposed consultations should be more than the reflex of politicians who find themselves in the wrong. When we were considering the bill for the establishment of a department of industry, the Minister of Defence Production (Mr. Drury) stated that neither he nor the government had to consult the provinces in that connection. According to him, the members of the government are fully aware of the dividing line between federal and provincial jurisdiction and there is no call for a federal-provincial conference in that respect.

Well, Mr. Speaker, I submit that it is precisely this arrogant attitude, this way of deciding by oneself what others must do that has given rise to ill feeling. I challenge the minister and his colleagues to deny that the climate has taken a sharp turn for the worse

in the past few weeks. It is obvious and the facts are there to prove it.

Mr. Speaker, if we were to proceed in the manner I have just outlined I believe we could set up an intelligent and co-ordinated economic policy which would involve the kind of planning we need today—as no one will deny—and which would truly meet the needs of all our people.

Mr. Jean Chretien (St. Maurice-Lafleche): Mr. Speaker, we have listened with great interest to the hon. member for Pontiac-Temiscamingue (Mr. Martineau) who obviously tried to find some meat in the statements of the Liberal party. However, if the hon. member for Pontiac-Temiscamingue finds that federal-provincial relations are now somewhat down to earth, there is an explanation to this: the government which I support is an active government. We take measures and we draft a policy which is of course facing some opposition. But unlike the previous government, we, on this side of the house, are doing things.

The problems between the federal government and the provinces will be solved by negotiations. The present Prime Minister took steps to solve those problems. We, as members of the federal government, have no right to stay inactive on that account. We have to take action and we do take action, something that our friends, the Conservatives, failed to do in previous years.

The hon. member for Pontiac-Temiscamingue is concerned about the meaning of the bill before us, but if he would analyse its provisions, he would realize that we also want planning, a kind of planning that entails action. The economic council will be an economic planning council that will succeed. We will have the necessary staff provided by this piece of legislation that will give the federal government the possibility of providing for the future; something which has never been envisaged by our friends opposite and the lack of which has put the country in its present position.

Mr. Speaker, my hon. friend is concerned about the fact that the government has perhaps called in experts to discuss the matter with the President of the Privy Council (Mr. Lamontagne). Let him be assured that I am not an expert, only a backbencher, but that I have faith in the planning policy of the party which I support.

[Mr. Martineau.]

I think that Bill C-72 which provides for the establishment of an economic council of Canada is very important and I hope that all hon. members of the house will give it the importance it deserves. Administration in Canada is so much more difficult because the country is a kind of a geographic nonsense in a political unit. The fact that citizens of Victoria in British Columbia, of Halifax in Nova Scotia and of St. John's in Newfoundland are all grouped under the same legislative authority, while there is a whole continent between them and that on this vast territory the density of population is relatively small, that is the reason why our country attained the various stages of economic growth later than our most immediate friends, Great Britain, France and the United States.

According to Professor W. W. Rostow of the Massachusetts Institute of Technology in his book entitled *The Stages of Economic Growth,* Canada attained in 1950 the same degree of economic maturity, as regards technology, close to 50 years after the abovementioned countries. Why? Because Canada just about came out of the preparation period to enter the technological development period which could bring our country to an economic maturity. In fact, to date, we have used our energies for the development of our natural resources in this raw state and the setting up of basic public services such as railways and great road projects. In other words, it is only in the last few years that our country has been in a position to carry out the development of an economy more diversified and more able to meet the needs of a labour force more and more specialized and numerous.

In that context, I think the development of our economy is in a very critical situation today and I sincerely think that we must go ahead with economic planning in our country.

The present situation calls for an immediate positive action to make known to the nation the precise objectives which our economy must reach.

We must without delay direct the development of our economy according to our possibilities, our natural resources, our increasing manpower and our international markets. Finally, every person will have to do his utmost to achieve the aims determined by the economic council and devote all his energies to that end.

However, the country will not achieve those aims without an appropriate intervention from the state. The federal government will have to legislate in the fields coming under its jurisdiction and devolved to it by the constitution, such as credit, taxation, tariffs, in a co-ordinate and positive way, so that the aims sought might be achieved in the shortest possible time and that the public and private enterprises are not left alone to seek those aims. All those potential supplies of natural wealth available to Canada must be developed in a rational way, so that the Canadian people may derive the greatest possible profit to which they are entitled. But in order to achieve this, our government must adopt positive and effective policies, even though private enterprise must be ready to make certain sacrifices.

Allow me, Mr. Speaker, to refer to the province of Quebec as an example. During the past few years, it has launched economic development projects and has completely nationalized its water resources to achieve one of its economic purposes. It is now getting ready, through a joint public and private body, the "Société générale de Financement", to develop a large steel complex. I think that it is an example that we should take into consideration and try to follow, if necessary.

I am definitely in favour of indicative but not of imperative planning. But the necessary means should be made available to us in order that the purposes which will be put forward by the future economic council be achieved without delay even if they are detrimental to a few.

In fact, nobody likes going to the dentist to have a tooth taken out but it is a temporary pain for a future good.

I want to point out two particular points of Bill C-72. The first one concerns the appointment of three permanent directors for a seven year term. In my opinion, the appointments of those three directors will have to be considered very seriously and carefully. I think the council formed of those three permanent directors will be in a position, under the provisions of this bill, to carry out very serious and thorough studies on the Canadian economy. And this work will have to be done speedily and result without delay in precise aims for the country.

Consequently, I feel we must give a much greater importance to this triumvirate than to the 25 non-permanent members of the council. This 25 member council may inform the permanent council of the people's views, and the latter will immediately have to set about supplying us with the necessary plan to lead our economy where we want it to go.

At this stage, I would like to say that I found very interesting the suggestions of the hon. member for Port Arthur (Mr. Fisher), who, incidentally, approves the principle of this legislation and would like those three permanent directors to be appointed for the government's lifetime, that is not for a set period of seven, eight, nine or ten years, but for the duration of the government. He states that this course is followed in the United States, with interesting results. I partly share that opinion, but I am surprised that it should be suggested by the hon. member who put a series of questions on the order paper for the purpose of establishing the efficiency of the ministers' executive assistants who are always appointed for the duration of a government because, to my mind, the attitude of the hon. member is inconsistent, when he wants officials to be appointed—

(Text):

Mr. Fisher: I should like to ask the hon. member what is the contradiction. I fail to see it.

(Translation):

Mr. Chretien: Mr. Speaker, I simply point out those two facts which are, to my mind, contradictory. I think that executive assistants, who have their ministers' trust, should be appointed at the same time as the ministers, whereas the hon. member for Port Arthur wants the directors of the economic council, which will certainly be one of the most important government agencies, to be appointed for the government's duration.

(Text):

Mr. Fisher: I wonder if I might ask the hon. member another question. Is he not aware that a number of times, both in this parliament and in the previous parliament, I have advocated that ministers should hire able people. The reasons these questions were on the order paper was to discover whether these were able or not.

(Translation):

Mr. Chretien: I notice in this new legislation an improvement over the one submitted by the former administration, in that it directs the council to:

> —prepare and cause to be published a review of medium and long term economic prospects and problems.

as mentioned in subsection 2 of clause 21.

I believe this is a most important step toward the information of public opinion and the attainment of the objectives of our plan-

ning. Such planning must be for the entire nation, not only to enable the government to obtain some information.

Obviously, the planning scheme we are adopting will not compel anybody to do anything, but I believe that public opinion, if it is well informed by the economic council, will be able to force both governments and private enterprise into taking the necessary steps to attain such objectives.

To conclude, I believe it is most urgent that we adopt this bill in order that the council may be appointed in the nearest possible future. I am happy to see that the provisions of this bill give ample freedom to the council. This council will have to conduct its research in such a way that the nation will have before it precise and practical objectives. And the publicity it can give its studies and reports under subsection 2 of clause 21 will have to be informative for the population as a whole, in order that the private and public sectors of our economy may work in co-operation to attain those objectives.

In a word, this economic council should not be content to be a propaganda machine for the government, as was so often the case for similar bodies in the past, but it should be a living impartial and courageous body which, through its qualification and work, will inspire confidence to the nation and thus will be able to play the part we have a right to expect from it, namely draw up a master plan for our economy to ensure the well-being of the Canadian people.

Mr. L. J. Pigeon (Joliette-L'Assomption-Montcalm): Mr. Speaker, will the hon. member entertain a question?

Mr. Chretien: Certainly, Mr. Speaker.

Mr. Pigeon: In order to increase the effectiveness of this legislation, since it requires co-operation from the provinces and the municipalities, would it not be logical before we consider this bill to submit it to the federal-provincial conference that the Prime Minister said was to be called for the end of the month, in order to ensure this new agency a 100 per cent effectiveness?

Mr. Chretien: Mr. Speaker, I should like to say that the federal government must be able to propose legislation and that it is normal for us to discuss it here first. If difficulties arise, of the kind that my hon. friend sees everywhere, then the matter could be discussed with the provinces concerned.

(Text):

Hon. W. G. Dinsdale (Brandon-Souris): Mr. Speaker, in listening to the debate the other day and today the thought occurred to me that much of the discussion that has taken place is very similar to that which took place just last January when we had a similar bill before the house. When I say "similar bill" I do not mean that the bill was on all fours with the legislation now before the house but rather that the legislation of the former government, which was designed to establish an economic development board, had the same purpose in mind as the legislation before us this evening.

Because of the similarity of the discussion in many respects to that which took place last January, I have seized the opportunity to look at the record of that debate to see the attitude that members of the government assumed then with regard to the bill put forward by the members of this group. I was interested to find that the discussion was concerned largely with what has become known as the Liberal propaganda line, to the effect that the Canadian economy was in a desperate state, that it was in a position of stagnation and that the whole difficulty had occurred because of the administration of the former Conservative government.

This has become known as the Liberal propaganda line. Summed up, it refers to Conservative government incompetence, Conservative government indecision and Conservative government delay. I think it is quite reasonable to describe these phrases that were used ad infinitum and ad nauseam during the past six years as a straight propaganda line. In political circles, particularly during election campaigns, it is not unusual for politicians to resort to propaganda phrases. The politicians only get into difficulty in this respect when they begin to believe their own propaganda. I should like to suggest that this is the unhappy state in which the new administration finds itself at the present time.

For example the previous speaker, the hon. member for St. Maurice-Lafleche (Mr. Chretien), referred to the period of Conservative administration as one of inactivity and stagnation.

At the outset of my remarks tonight I am going to resort to an unbiased and objective appraisal of the state of the economy as it prevailed during the last year of the former administration. I think it will be agreed that a comment from this source rises above the

political propaganda considerations that consume so much of the time of the house in our various discussions.

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

Mr. Dinsdale: Yes.

Mr. Moreau: Will the hon. member tell us whether he believes his own propaganda?

Mr. Dinsdale: Mr. Speaker, I assure you this is not my propaganda. I am going to quote from a commercial letter published regularly by the Canadian Imperial Bank of Commerce. The article is entitled, "The Canadian Economy In 1963". I assure you, Mr. Speaker, that I have no direct connection whatsoever with the editor of this commercial letter and that he forms his conclusions entirely independent of any prompting from myself. Under "The Record in 1962" I read the following:

> The Canadian economy experienced a good year in 1962—

If I may interpolate; this was a year of stagnation and inactivity according to spokesmen for the Liberal party. As you will recall, Mr. Speaker, we had an election in that year and the Liberal propagandists went about the country saying that we were facing bankruptcy and that the economy was in a confused and hopeless state. I wanted to make that interjection at this point to put the matter in perspective with the summation in this commercial letter.

> The Canadian economy experienced a good year in 1962, measured in terms of output. Gross national product increased 8 per cent in value and 6 per cent in physical volume, and real output per person rose significantly for the first time since 1956.

Some hon. Members: Hear, hear.

Mr. Dinsdale: I do not know why that phrase should cause so much jubilation on the part of hon. members opposite because I was a member of the house in 1956 and I recall that the economy of that period—

Mr. Lamontagne: It was 8.5 per cent.

Mr. Dinsdale: —had reached a stage of stagnation to such an extent that the government of the day appointed a royal commission, which became known as the Gordon commission, in order to chart a new course and provide a new compass for a government which had lost its spirit of creativity and its inspiration. I further remember that back in 1953 and 1954 we passed through a rather difficult period, in economic terms. There was a slight recovery in 1955 and 1956 but it was obvious that the economy had reached that state because we had failed to adjust to the dynamic changes that followed world war II. I resume quoting:

Economic Council of Canada

> Most of the increase in volume of production occurred in the first half of the year and price increases were stronger in the latter part of the year due in part to the depreciation of the Canadian dollar. The rise in activity was well diffused in terms of geographic location—

This is the significant part of the comment.

> —and variety of employment, and a very good wheat crop provided additional strength in the fall of the year. The major stimulus in 1962 came from two sources, a very substantial rise in merchandise exports for the second year in a row and a large increase in purchases of goods and services by the provincial and municipal governments.

Now, there is an objective appraisal of the state of the economy as it was left by the outgoing Conservative administration. I think it will be readily seen, Mr. Speaker, that it hardly conforms to the description that is forthcoming from spokesmen for the government during the course of the current debate or during the course of the debate that took place last January on the bill to establish the economic development board, which was sponsored by the former administration.

I think it would be instructive if we were to recall some of the observations that were made at that time. I refer to my very honourable friend, the hon. member for Leeds (Mr. Matheson), who made an ardent contribution to the debate in which he quoted extensively from the newspapers of the day which seemed to agree with some of the statements that were made by hon. members opposite at that time. The Toronto *Telegram* for example, on January 7, 1963, contained an article with the heading "Economic Dipping". I quote in part from it:

> Our barometer records a drop taking place as we enter 1963. The recent gyrations of many indicators—

I do not know to what gyrations they were referring in this article, or what indicators, whether it was political gyrations or what they were. I continue quoting:

> —made many think that the slowdown predicted earlier for the end of 1962 had been called off. It has not. The good that was in 1962 came to a close with the year. We have now started on a downward swing.

I am sure the hon. member for Leeds would not agree today with that quotation which he used last January during the debate at that time. Then, he quoted also from Mr. Dalton Robertson, writing in the *Financial Post* of January 12, 1963, who said:

> By an easy majority, the sensitive indicators of how the Canadian economy is doing suggests that the 1961-62 expansion is over and the recession is now on.

There is an even more revealing contribution by the present Minister of Finance (Mr. Gordon) as recorded at page 2145 of *Hansard* for November 29, 1962. I quote:

Economic Council of Canada

As I have said, the government has shown itself unable to make decisions or to manage anything.

I could pause here and cite the phrase, "physician, heal thyself".

In these circumstances I doubt if the government will be able to make any more use of an economic development board than it seems to be able to make use of other parts of the existing government service and machinery.

Well, since that time the hon. member has assumed ministerial responsibility. It is interesting to compare the deeds of the past few weeks with the words that were so boldly uttered in the house a few short months ago, and particularly the reference to the inability of the former government to use the existing machinery of the government service.

Then, we go to another comment from the same gentleman to the effect that the advisory committee that was recommended in the bill would result in the circumvention of the civil service. These are all very interesting comments in the light of what has happened in recent weeks. They indicate, Mr. Speaker, that it is much easier to make speeches in this house than it is to translate those speeches into positive action on behalf of the people of Canada.

The Secretary of State for External Affairs (Mr. Martin), speaking in the same debate on January 22, referred to the former bill which had the same purpose as this bill before us, as being a mere gesture, a façade. There was one positive contribution and that was by the hon. member for Coast-Capilano (Mr. Davis). I feel he put his finger on the essence of the problem that confronts this parliament and the country as a whole, as we move towards the implementation of legislation to set up the economic council. There has been a change in terminology. Ours was described as the economic board, and theirs is described as the economic council.

The hon. member for Coast-Capilano said that such legislation would have to provide for the co-ordination of governmental departments in order to avoid duplication. I agree heartily with the hon. member in that regard. Second, he suggested that the board, as it was, or the council as it will be, will have to provide for co-operation between management and labour. I should like to suggest, as I proceed to discuss the bill we have before us, that in some respects the type of organization contemplated by the government will frustrate those two important functions that were laid down by the hon. member for Coast-Capilano. I believe that the productivity council, which is going to be replaced by the implementation of the legislation, was a much more useful body in carrying out the functions of co-operation between the various sectors of the economy than is the council that we are discussing tonight. I think that, in some respects, it is unfortunate that the plan of the previous government was not implemented, because it was a logical plan.

It was a plan that had begun, in the first instance, with a program of action, a program of action that had to be implemented hurriedly in 1957, a program of national development. Then, after the program was under way, it became necessary to deal with the anomalies in government organization which existed because of the failure of the government and this parliament to come to grips with the tremendous changes in the Canadian post-war enconomy, and indeed in the world economy. Gradually we revamped the machinery of government. We brought in new machinery to take care of the new functions that were required to bring the Canadian economy into line with the demands of the mid-twentieth century. The productivity council was a most important contribution in this respect. The basic function of the productivity council was to provide a sounding board wherein the representatives of the various sections of the Canadian economy could come together in order to acquire an appreciation of their respective points of view, instead of endeavouring to carry on in a state of armed truce.

Certainly there was planning needed in Canada, and this has been demonstrated in recent weeks by the unhappy mistakes made by the government because it neglected to take into consideration the existing machinery that is available in an advisory capacity, particularly in the Department of Finance. Instead a group of experts were brought in, ignoring the existing co-operative and co-ordinating machinery that is already available within the government service.

Mr. Lamontagne: What about the bill?

Mr. Dinsdale: The hon. minister asks what about the bill. I understand we are on second reading of the bill, and during the 12 years I have been in this house it has always been my understanding we could discuss—

Mr. Lamontagne: Not the budget.

Mr. Dinsdale: —the principles of the bill in broad terms, which gives an hon. member a considerable degree of latitude. I know the minister is new to the House of Commons, but I am sure he would agree that if we are going to deal with the very complex economic problems that exist in Canada today, we have to have the privileges provided by the rules of the house at this important stage of the consideration of the bill. We will get

down to discussing the details of the bill when we come to the committee stage.

The hon. member for Rosedale (Mr. Macdonald) applauds. He is another new member of the house and does not seem to appreciate that there are several stages to the bill. When we move to the committee stage, we are provided with an opportunity to discuss the terms of the bill in detail.

Mr. Macdonald: On a point of order, Mr. Speaker, I have been a member of the house at least long enough to know that the hon. member for Brandon-Souris (Mr. Dinsdale) should talk in the relative area of the bill, and as yet he has not spoken anything about Bill C-72 which is before the house. We await with interest his remarks on the bill, after his irrelevant digressions.

Mr. Dinsdale: This is an expression of opinion on the part of the hon. member for Rosedale. As usual he thinks he is entirely right and I am entirely wrong. But this is the process of debate in this house. He is not too inexperienced, because last January we listened 10 days to a discussion of a bill which perhaps was not quite as relevant as the discussion that has taken place in the space of the last two days in discussing the bill before us.

Mr. Pickersgill: I wonder if the hon. gentleman would permit me to ask him a question?

Mr. Dinsdale: Certainly.

Mr. Pickersgill: Does the hon. gentleman think it is essential to his honour to take as long as he accuses us of having taken before Christmas?

Mr. Dinsdale: I must say that I might have—

Mr. Lamontagne: You might.

Mr. Dinsdale: —I might have come under the influence of the bad example set by the leader of the house—

Mr. Pickersgill: I did not speak on your bill at all.

Mr. Dinsdale: —when he was in opposition. I had been in opposition for six years—

Mr. Pickersgill: So have I.

Mr. Dinsdale: —prior to the change of government in 1957, and I belonged to an opposition that could rightly consider itself Her Majesty's loyal opposition—

Some hon. Members: Hear, hear.

Mr. Dinsdale: —because we always considered any legislative measures that were presented to the house from the standpoint of the best interests of Canada, rather than mere partisan advantage. Now, during the past six years—

Mr. Lamontagne: Come back to the bill.

Mr. Dinsdale: —I saw an opposition that was not always responsible—

Mr. Deputy Speaker: Order. I wonder whether the hon. member who has the floor will allow me to point out to him that he seems to be straying away from the original line of thought with which he commenced his speech. I would invite him to resume that original line of thought.

Mr. Dinsdale: Thank you, Mr. Speaker.

Mr. Cardiff: I suggest, Mr. Speaker, it was the leader of the house who directed him into that line.

Mr. Nowlan: It was the hon. member for Rosedale (Mr. Macdonald).

Mr. Dinsdale: The intrusions from the other side have not been too helpful in this respect, and I am afraid the house leader has led many a young member down the political garden path. I will return to the point I was making. The productivity council carried out the function of encouraging co-operation between the various sectors of the Canadian economy, covering labour, management, the farming community and the universities as well. All these areas have an important part to play in the Canadian way of life, and I hope that the same spirit of co-operation that was generated and was producing so much positive good will be carried on by the new council when it is established and is in operation.

I have been somewhat disturbed because of the tendency to neglect the importance of the agricultural community in these matters. There has not been too much discussion of agricultural matters in the house during the current session, and I would remind the government that agriculture is still one of our basic industries. In all the deliberations of the council it should be given a position of paramount importance.

As an indication that we have gone a long way in dealing with the problems the council is designed to deal, I merely mention a few of the existing agencies of government already established, the resource ministers' council, the national energy board and ARDA. These are important bodies that came into existence during that so-called period of inaction of the former administration.

Dealing with ARDA, I would like to refer to a statement made in this debate the other night by the hon. member for Port Arthur (Mr. Fisher), when he suggested that ARDA was an excellent example of the kind of

centralized planning that is needed and is espoused by his party, the N.D.P. I suggest that ARDA is the very antithesis of centralized planning in that it places the initiative entirely at the local level. No program will be implemented unless it is first sponsored and brought forward by the local community group, where the real problems are known and understood, and then referred to the province, which in turn refers it to the federal authority. Here is an excellent example of the sort of co-operation and co-ordination that I feel sure this council is designed to bring about in Canada.

Then too we dealt with the regional problems, meeting the needs of the Atlantic provinces, and putting into effect the acreage payment program for the western farmers. Of course I do not need to refer—

Mr. Lamontagne: To the bill.

Mr. Dinsdale: —to the massive program that was sponsored in northern Canada by the former administration. This is only a part of the program that was carried out and that was necessary because of the long years of neglect and delay in coming to grips with the problems of government in the modern world. A transportation study was set up; tax policies are currently under review, and the famous Glassco commission, which has now finished its work, completely examined outdated and antiquated government organization and machinery that had been inherited by the former administration.

Banking procedures have been investigated, and a study made of our outmoded social welfare program which was in bad need of rationalization because it had originally been established on the basis of political expediency, rather than on the basis of meeting the real problems of social welfare in the modern state. All these things are under way. It seems to me the council that is proposed in this legislation is merely going to bring together many useful bodies of information which are already available to the government, and certainly it gives the lie to the propaganda that nothing has been done in recent years.

There is another point I would like to make, drawing my inspiration from the hon. member for Coast-Capilano. He referred to co-ordination within government. It seems to me this is going to be one of the major functions of the new department of industry. It is in the twilight area between the new department of industry and this new council that some confusion of function might exist. The new council could mean an overlapping of function and duplication of services unless we are extremely careful in sorting out the areas of responsibility as between the council and the department of industry; or, to use the words of the Secretary of State for External Affairs, it could become a mere façade to give the impression that something concrete and constructive is being done when, as I have tried to indicate in my outline, there is every evidence that giant strides have already been taken in this area. The co-ordination function within government is just as important as the co-operative function among other government levels and the private sector of the economy.

This brings me to the last point I would like to make, which has been made by other speakers; it was referred to by the hon. member for Northumberland (Miss Jewett) in her contribution to the debate this evening. I refer to the necessity for consultation with the provincial governments. Just as much progress has been made at the provincial government level as has been made by the federal government to meet the new demands of government in our complex twentieth century society. Indeed, many of the problems with which the council is designed to deal actually come under the jurisdiction of the provincial governments. This is an area where extreme care will have to be used if we are to realize the positive effects which can be achieved by a council of this kind. I am sure I do not have to admonish the government in this respect, because they have already felt the strength of the negative response that can occur in this delicate federal-provincial balance of power when the central government neglects to consult with the provincial governments concerning matters that are of extreme importance and concern to these governments.

During the resolution stage of the debate I referred to this point in passing, pointing out that the province of Manitoba, as an example of one province, is away ahead of Ottawa in dealing with the economic challenges of the new kind of economy in which we live. Most hon. members will have received recently this voluminous report from the government of Manitoba entitled "Manitoba 1962-1975", which indicates that here is a province that is away out ahead of the federal government. Manitoba has a Conservative government which drew its inspiration from the leadership provided by the former federal Conservative government. I trust that the minister responsible will be guided by the very excellent analysis of contemporary economic problems provided in this report. It covers every segment of the economy and I feel is an excellent reminder at this critical juncture in Canadian affairs that the provinces have their own important

sphere of influence, and any undue interference on the part of the national government is not going to be too helpful in continuing the high level of economic activity that was achieved by the former administration.

This is a federal state, and one must always remember that relationships among senior governments are delicate because of the very nature of confederation. Much of the Canadian economy belongs to the provinces. The resources belong to the provinces. The provinces, therefore, are not going to countenance any undue intrusion by Ottawa, particularly without prior consultation and certainly without concern for their sensitivities and prerogatives in this regard.

I should also like to suggest that the private sector, or the voluntary sector of the Canadian economy is most important in this respect. This report was prepared entirely by a committee of volunteers, none of whom received any stipend from the provincial government. I am afraid that sometimes governments of all stripes tend to feel they are responsible for everything that takes place in the economy. Of course, that is the authoritarian point of view, and in a democratic society one must always realize that in the final analysis it is the creativity of the people of the country, their spirit of co-operation, their initiative which will determine whether the economy continues to prosper.

In a council of this kind let us make the utmost use of the advice, services and initiative in the private sector of the economy. The private initiative is of basic importance. In the final analysis, Mr. Speaker, I trust that hon. members of the house, and particularly the members of the government, will agree that the best contribution a government can make in the field of economic development and economic health is to provide the atmosphere and climate in which the ordinary citizen, whether he be a businessman, a member of the labouring community, a farmer, or whatever his calling, can exert his maximum influence. It is the climate, the atmosphere, that matters.

I trust the climate that has been established—as has been pointed out so eloquently in this unbiased, objective report from the economists of the Canadian Imperial Bank of Commerce—will continue to thrive; that the example set by the previous administration will be duly noted by the new administration so they will forget their propaganda and deal with positive policies.

Mr. John R. Matheson (Leeds): Mr. Speaker, the last speaker spoke so well and graciously that he has tempted me to deal for a moment with the economic facts facing Canada at the moment. I do not want to refer to his speech in detail, but the biblical strictures used by the hon. member for Brandon-Souris (Mr. Dinsdale) were put to good effect. May I remind him that "The truth shall make you free", and that before we can go places in Canada one of the first requirements is that we must see starkly what is the situation at any given moment of time. I do not want to do this in any partisan way because I honestly do not believe that we can attribute the economic success or failure of a country like Canada entirely to the actions of a particular federal government.

Mr. Dinsdale: I agree.

Mr. Matheson: I believe the federal government has a very important role to play, but oftentimes there are circumstances and forces which are beyond the power of a particular government. Therefore I would ask hon. members to consider some of the problems facing Canadians at the moment. I remind them of the statistics available with respect to investment as a percentage of gross national expenditure. I have been reading some of the extracts from some of the publications concerning growth which have been appearing in the Economic Journal of the United Kingdom. It appears that in a good deal of the texts on this subject a very important index of success economically is the extent to which an economy invests as it goes along. I think capitalist countries must be rather concerned about this at the moment in making certain investment comparisons with, for instance, the Soviet union.

Now, Mr. Speaker, what is the situation in Canada? With respect to the investment in housing and social capital, in 1956 Canada invested 9.9 of the gross national expenditure. In 1962, the year which reference was made as the great year—

Mr. Dinsdale: The good year.

Mr. Matheson: The good year—9.4 per cent of the gross national expenditure was invested. In other words, the emphasis on housing and social capital in that good year shows a substantial decline. When we look at business investment, private and public, we find in the year 1957 an investment of 17.7 per cent of the gross national expenditure, which dropped down in 1962 to 12.2 per cent.

The hon. member who has just taken his seat spoke about the great importance of the private sector. I believe all of us on this side of the house are prepared to support him in that. The economic climate is terribly important. But the fact is that the climate was such that there was a sharp decline in the business investment area from 17.7 per cent

of the gross national expenditure down to 12.2 per cent. The total result with regard to investment is that from a figure of 27.3 per cent in 1957 we have dropped in 1962, the good year, to 21.6 per cent.

Now, can any person who cares about capital development and growth be happy with that situation? For my part I cannot take any satisfaction from it at all, when I make comparisons with what has happened in other countries. Unfortunately I do not have time available to go into this matter to any greater degree at this time. Nor can any person surely take satisfaction from the fact that over $2.9 billion has been built up as a deficit in the six good years. This is virtually $3 billion, or $500 million a year by which we had been slipping back, or eating into the capital of the future.

When we look at the private and public capital expenditure chart as another index of growth during these years we find that the capital investment in constant dollars, 1957 being computed as 100, has dropped in 1962 to 93.1 per cent. In other words, our expenditure both private and public is 7 per cent below what it was in 1957. Just imagine a drop of 7 per cent in the volume of physical investment in Canada in those good years. Can anyone take satisfaction from that? I am not blaming the previous government. Perhaps it is not their fault and they hit a bad time in the business cycle. But I do not think they are playing fair with the Canadian people when they keep stressing that these years have been particularly satisfying years from the standpoint of economic development.

What about employment and earnings? From these figures I find that even in the good year of 1962 there is a sharp decline in the middle of the year in the civilian labour force, in non-agricultural employment, and in total employment from mid-year on. We also find that between the years 1946 and 1956 inclusive there was an average unemployment ratio in Canada of 3.2 per cent. From the year 1957 to the good year of 1962 the figure was 6.3 per cent. Personally, I am not satisfied with the 3.2 per cent figure. We recognize that there has to be something over zero per cent to make sense in this country, with the physical climate as it is, but this is not a satisfactory picture at all. In the United States, where they have the money, the time and the statisticians who can devote themselves to these matters with greater leisure than some of our hard pressed people in Canada, comparisons are made with various industrial countries in the world. In last year's white paper prepared for the United States presidential committee the unemployment rates prevailing in various countries in the year 1960, which was the last available year, were set out. And what do we find? Unemployment in Canada was 7 per cent. In the United States it was 5.6 per cent, Italy 3.4 per cent, Great Britain 2.4 per cent, France 1.9 per cent, Sweden 1.5 per cent, Japan 1.1 per cent, and the Federal Republic of Germany 1.0 per cent. I do not think we can possibly be satisfied with the figure of 6.3 per cent, nor indeed with any figure of over 3 per cent. I very much hope we can contrive to plan things in this country in such a fashion that that percentage is substantially lower than 3 per cent in the future.

There is another very serious matter which Canadians have not taken into consideration even in the budget debates which have occurred in this house, and that is the problem of the balance of international payments. Can anybody honestly take satisfaction with respect to our balance of international payments in the year 1962? We all recall that in the first quarter of 1962 there was a substantial net capital inflow. Then you will remember that this dried up and for the first time there was substantial drawing upon our reserves. Then in the second quarter of 1962 there was a sharp net outflow of capital. You will recall, Mr. Speaker, what happened. There was pressure on the Canadian dollar on the exchange market, which had been heavy in January and February, relaxed somewhat in March, and renewed in April. Then after the announcement of a general election the government of the day established the exchange rate at 92.5 per cent. There has been a certain amount of hocus-pocus on this matter which I am sure hon. members will recognize. A lot of Canadians were taught to believe that we deliberately pursued this devaluation course. I submit that we did not deliberately pursue this course. I recall asking the then minister of finance on March 21, 1962, if he did not think it timely to peg the dollar, which was then at 95 cents. I was not clever about this, but I had a friend who was. He telephoned me long distance and said: "This is critical. The Canadian dollar is in serious trouble and I suggest you ask the minister if he is thinking of pegging it." I am sure some hon. members will remember the minister's reply. He referred to the striking success of the government's policy in relation to the external value of the Canadian dollar. He had no thought of pegging it on March 21. Well, the government of that day eventually pegged it. Hon. members will recall that immediately after the election of June 18, the administration was compelled to announce a series of drastic emergency measures. That does not

sound to me like an indication of a particularly good year. I hope we do not have to run into a problem of this kind again, though I think it is possible to contend that trouble of this kind can blow up like a summer storm on a shallow lake. It might conceivably happen even in the case of a buoyant economy. But in the context of events I do not think that Canadians can take a lot of satisfaction from what transpired.

I think many of us are studying in a worried way the results of pegging the dollar at 92 cents. We find there have been substantial borrowings from the United States, approximately $839 million in 1962 compared with $133 million the year before. What really is frightening is that this devaluation has prompted Americans to come into Canada, not to speculate on something which might produce a profit in the future, but to take over sound, established Canadian industries. I know about that in my own small community; I know this is happening. I also know that the 92½ cent dollar has placed in jeopardy a number of United States subsidiary companies in Canada which have to bring in a certain percentage of their product. Immediately upon devaluation their costs went up. I could name names, though I shall not do so, of firms which have done a lot to build up in Canada efficient manufacturing enterprises employing several hundreds of people. These firms are worried because they have to import a percentage of their product and finish it in Canada. Of necessity their costs have gone up and their ability to sell has been adversely affected.

I am not blaming the previous government for the action it took. Perhaps any group of Canadians, faced with the events of the early part of 1962, would have followed a similar course. However, I think it is important that we should face these sombre facts. We do not want this situation to happen again.

Let us look at another index; this is a matter of interest to our Social Credit friends —I refer to the cost of carrying this increased debt. We find that the interest rate on this debt has gone up from about 3 per cent in 1957 to 4¼ per cent in 1963 and this in "the good years". How much higher can we permit it to go? We have seen an increase of 1¼ per cent in servicing charges in respect of Canada's unmatured debt. I believe that when we look at the general problem of economic development in Canada we find, essentially, a great consensus among all parties in this house. I do not think this is surprising.

We have had our little storm over the budget and I am not surprised we had that storm. It seems to me, though, that some of the members opposite were reading the *Daily Mirror* and the *News of the World* thinking we had a Profumo case in Canada. There are people who say politicians can run into trouble in two ways—girls and experts. We happened to have our trouble with experts. Nevertheless, there are many circumstances in which the advice of experts is indicated and we surely must be prepared to take a little advice from experts. The hon. member who has just sat down referred to the Gordon commission and I am glad he did so. We feel that this report is already stale and dated; but it is not a bad report. There were hearings, which took place in 14 cities throughout Canada. Maybe the report could have been better written, or reached happier conclusions in certain respects, but the document as a whole is a substantial and solid analysis of Canada's economic position, the prospect before us, our relationship with the United States particularly with respect to trade, capital investment and the whole agriculture situation.

I presumed to suggest the other day that the ARDA program had had its origins in the chapter on agriculture in the Gordon commission report, chapter 8. A great deal of emphasis was placed in that report on secondary manufacturing industry and productivity. The commission also gave consideration to the changing structure of the Canadian economy. I remember speaking one day in the presence of the Minister of Trade and Commerce (Mr. Sharp). I mentioned the studies which were being made in the United States, in Britain and in Europe with regard to growth. The minister said something which, I think, is significant. He said that growth is not the right word any more; the word was "change". I think the Gordon commission, in its report, indicated that change is of the essence, and I think that is why this Bill No. C-72, is so important and timely. The commission went on to consider the problems of the Atlantic provinces and of the north, the promotion of steady growth and development, the provision of that climate in economic affairs to which the hon. member for Brandon-Souris (Mr. Dinsdale) has referred, the need for trained manpower and for research, the role of government in our national affairs. I am not being rude when I say to the former minister who has just resumed his seat that in fact at least 12 of the important economic planks of his party's program in 1957 were taken from the report of this royal commission on Canada's economic prospects. Many comments have been made with respect to this. The financial editor of the Toronto *Star* said on June 7, 1962:

> The truth is, of course, that Mr. Diefenbaker and his cabinet, lacking a "braintrust" of their own, have had to go to a somewhat dated study fathered by a Liberal braintruster for many of their ideas.

Economic Council of Canada

To date, they have purloined more than a dozen of the 57 legislative proposals spelled out in Mr. Walter Gordon's 1956 royal commission on Canada's economic prospects.

This is not surprising when we consider the composition of the House of Commons. How can any party, or any member in opposition have access to research on economic matters? I had a little experience of opposition, being in the 24th and 25th parliaments. We in the Liberal party in those years of opposition understand why the conclusions of a royal commission on Canada's economic prospects are so useful as a source of information. I think hon. members opposite did well to take ideas from the report of that commission and then rephrase them in the colourful way which is so characteristic of the right hon. gentleman who later became prime minister of Canada.

Today the report of the Gordon commission is somewhat out of date. When we look at the economic white paper of 1962 we find the conclusions are no longer entirely applicable. A series of events since then has changed matters. We read an editorial for example, in *Maclean's* magazine of September 3, 1962, headed "40 Months To Make Or Break Canada", and I should like to quote part of this editorial. Perhaps this is an extremist point of view but it is something we have got to think about. The editorial reads in part as follows:

Instead of holding rigidly to the belief that an east-west trading pattern is basic to our survival, we shall have to accept the as yet untested thesis that Canada can prosper as a junior partner with the U.S. in a continental economic region, with predominantly north-south trading lines. Unless we find the courage for this kind of gamble, Canada faces the alternative of becoming a sort of Manchuria with hockey players, supplying raw materials for others to process while our standard of living slides ever lower.

I hope that editorial is not true. I have always hoped that article II of NATO could be made to come to life and that there might be a new climate where Canada's independence and strength would emerge not only because of closer integration with the United States but with other countries such as those of northwestern Europe, particularly with the United Kingdom, perhaps in a substantial way with Japan and certainly with Latin America. It seems to me we are coming to the point in this country where there is a consensus among agriculturalists, among labour people and among businessmen that we are going to have to go through periods of substantial change because growth is no longer automatic. It seems to me that for this reason we can look with some hope to Bill No. C-72.

It is true that in some respects it is not dissimilar to the bill introduced by the former government. We like to believe that there are improvements. We hope there are. We think that the duties of the council as set out in clause 9 are much more specific. We think that the power of the council to initiate studies gives the council freedom—freedom from the minister, freedom from the government of the day. We believe that it gives the economic council a chance to grow and to be creative on its own, and to give positive leadership. We think that the burden with respect to publication and the duty to produce an annual review is the kind of thing that Canada needs to bring the old Gordon commission up to date, to project, to look ahead, to give what the French in some of their literature have referred to as "prévoyance".

We know that there has been a certain exercise in semantics in the house. Some people talk about indicative planning. Some people are concerned that perhaps there will be creeping socialism. We have even had some suggestion that there is a form of syndicalism involved here. We can see all manner of difficulties that could develop as a result of this council. One thing, for example, that could happen is that we could make such poor appointments that virtually what we would be doing would be putting the most important lobbying groups in the country in a position where they could tamper with the federal government to the point of having a special influence and voice, and thus perhaps simply preserve vested interests. I hope that will not happen.

I hope that in making the appointments there will be a genuine attempt to ensure that they shall be representative, and I hope also representative of some of the best academic opinion. It is about time that we recognized those people who are trained in economics and who know something about general interests as distinct from private and special interests. We must have representatives of people in business who are prepared to take risks and think in the largest and broadest way. If we look at the situation in Britain, the Neddy committee presided over by Reginald Maudling, we can see that it is possible to have big men on this kind of council, men whose special interests to some extent cancel one another out and who are prepared to reach some sort of economic consensus.

We have not been able to articulate and enunciate adequately the consensus that I think most of us in this country share. Personally I was very disappointed in the budget debate. It was more preoccupied with personalities than with policy. But we seem all agreed so far as the grievous imbalance in our trade situation is concerned. We are concerned

about the lack of productivity of Canadian labour. We are concerned about the emigration of particular skills. We are concerned, I think, that so much of our agricultural market is now directed to a certain group of communist countries and that we have lost that diversification of market which in the past we enjoyed.

I do not think we can actually blame the Conservative administration for these changes. Let us collectively face these problems fairly and factually. Personally I feel that the fact that there is a minority government at the moment offers perhaps the most hopeful possibility of Canada reaching some kind of new consensus on economic matters.

The United States has had some experience with its employment act of 1946. I know there are people in the New Democratic party who feel that this was a very faltering, stumbling and hesitant step. Perhaps the achievements of that group in the United States would not satisfy the distinguished member from Northumberland. But the Americans have had a great tradition of reliance on the private sector and it was in the private sector particularly that they found they needed a council of economic advisers. Why? To prevent depressions, to maintain a high level of employment—although heaven knows it has not been high enough—to bolster production and purchasing power. The objective of their council of economic advisers was to place the economic development of their country under continuous scrutiny, to make policy recommendations to the president and to give the United States the ability to look ahead, or what I have referred to as "prévoyance".

We want research and analysis, the determination of objectives, the discovery of alternative solutions, the formulation of policies, the execution of a plan. This council cannot do anything, of course, except indicate; but it is very important to indicate, and when the appointments are made by the government I hope that a great deal of emphasis will be placed on the chairman and the two other permanent members of the council.

I agree entirely with the hon. member for Port Arthur (Mr. Fisher) who made an excellent speech on this subject. It seems to me that we will be going places with this council if the permanent secretariat is strong and is made up of people of great ability and distinction, and with a certain amount of personal influence and power. If in making up the total board of 25 there are selected top ranking men from industry, labour, agriculture and so on, I believe that these men can sit down and face facts, perhaps more easily than we can ourselves. I think that already they are aware of many of the facts. I have had businessmen tell me that even if an industry has to face difficult times ahead it is better that it should know the facts. For example, if a sector of the textile industry has to face the prospect of going out of business because it is going to be replaced by something else that is more productive, it is far better that the industry should know what the future holds in order to move sensibly and wisely.

After all, today there is not the sharp cleavage between capital and labour that prevailed in the time of the early private entrepreneurial organizations. To my knowledge I do not know one person who really is a capitalist in the full sense of the word. The people who run the 10 to 12 industries in my home city are really labour people. They are a part of management. They are highly skilled and highly trained. Very few of them own very much in the way of stock, perhaps just a little by way of token ownership; but essentially they are not owners. They are management and they are trying to do a scientific and wise job. Therefore I emphasize the fact that if we are going to make the economic council of Canada vigorous and strong the most important thing is the appointments.

I have been somewhat concerned about the wording appearing in clause 4, subclause 2, which provides that each of the other members of the council shall be appointed after consultation with appropriate representative organizations, to hold office for a term of three years. I hope that when the government finally proceeds to make these appointments, if the bill is passed, they will look for top quality in each appointment; and that is not obtained simply by appointing the person who happens to be the president or secretary treasurer of a certain organization. When we look at the British appointments to Neddy I think we are satisfied there has been a certain amount of wisdom shown in the choice of those people who represent, for example, the rubber industry or the cotton industry. The man who represents, for instance, the academic community is a person highly advanced in the economics of labour a man head and shoulders over other people in his field. The representative of the national coal board happens to be the chairman. We have, of course, people in high positions representing unions, representing boards of trade and so on. In my opinion, the quality of these important appointments is of primary significance.

The danger is, of course, that with a large 25-man board, it may become a meeting society to talk, dine occasionally and move off in directions that really accomplish very little. I hope, like the hon. member for Port Arthur (Mr. Fisher) that the permanent

secretary, the chairman and his two permanent members, will be men of individual ability and talent, that they will work as a team and that we will have before us annually for consideration the kind of report which is in substance a little Gordon commission report. It is this kind of thing that I should like to see. Of course they may go off in various productive sidetracks. They can develop interests in special areas, and these will be necessary; but largely this is going to be a board that is thinking not in terms of tactics, the mechanics of production, but essentially in terms of economic strategy and projecting a plan for growth covering the next decade, two decades or perhaps even longer.

We know that there is going to be foreign investment in this country. We do not want to see ourselves cut off from capital. It seems to me that the great adventure of this particular decade for Canada will be the progressive steps taken by government to make us part of the new international community. We must preserve the general interest and become more objective. We must become more involved in every respect in foreign aid, in our involvement with other nations on this continent, in Europe and elsewhere. It seems to me that there will be a sharp shift from the kind of economic nationalism that has prevailed in this country pretty well since confederation, that is the significant change that is going to take place. I believe that this is in the long-run interest, not only of the maritimes, not only of the agricultural west, but even of the highly developed and industrialized areas of Quebec and Ontario. I believe that the areas in which we are going to make startling progress are those areas in which we can at last compete on a larger scale.

I hope sincerely, Mr. Speaker, that we can approach this new concept of planning, not in the sense of thinking that any small group of people are so much wiser than other people, but that Canadians must work progressively towards this new economic consensus, this new harmony, this larger co-operation between the productive elements. I look particularly for co-operation between the private and public sectors, as was stressed by the hon. member for Northumberland (Miss Jewett). This is important. She stressed a fact of life in Canada, that approximately one third of our investment, about one third of our employment, is dependant upon the public sector. We are going to blind ourselves entirely to these important considerations if appointments to this council are directed only to the private sector.

[Mr. Matheson.]

On the other hand, I think the members of our group do believe that we must and can plan for increased competition, and that capitalism has virtue only if it is competitive. This is the thing for which we are striving. It is said that the first aim of a government is to create an atmosphere for economic growth. The first objective of any sensible economic system must be to increase the wealth of the community. One listens with some little concern to statements about the likelihood of our hurried implementation of certain social security programs when we really do not know how large an economic pie we are going to have to distribute. Personally, I am just a little old fashioned about this, and I look with anxiety on the fact that we are urged to spend before we know where this money is coming from. This is perhaps the result of a Presbyterian background; I don't know. It seems to me that if the economic council can help to bake the larger pie then, in our wisdom, we can attend to this necessary process of redistribution which finally brings justice to every element in the community.

(Translation):

Mr. Henri Latulippe (Compton-Frontenac): Mr. Speaker, planning is one of the purposes of this legislation. Now, the purpose of economic activity has always been to increase production with the least possible efforts.

We are endeavouring to establish a temporal social order in which the human being could live normally to attain its complete fulfilment. Controlled planning which seeks to determine the right to production based solely on labour devoted to that end, becomes increasingly dangerous with the advance of applied science.

Such a result could be expected, as this is contrary to the natural order and takes a means for an end. Economics are intended to provide goods, and not to control or govern people. Labour is considered as a means to some extent, as far as it is necessary to reach an end.

To associate money, which is the right to production, solely with labour, is therefore to subordinate the end to the means. In short, it is more than a surrender, it is a shameful humiliation, inasmuch as modern progress increases the level of production.

To associate money solely with employment leads necessarily to state control with all its resulting perils and subservience.

Workers get paid to produce consumer goods; but since machines and men have

become inseparable, the price of those consumer goods far exceeds the money distributed to workers in return for their participation. Since the market is already flooded, very few are interested in setting up new factories in such conditions.

That is where the government is forced to intervene, but since it clings to old principles and it does not want to create debt free money, it has to take the money out of the pockets of the taxpayers, either through taxation or loans. Then, to save the principle of money based solely on labour, it has to employ people under the conditions of patronage which corrupts politics.

Here again, in a world of conflict, the production of cannons, machine-guns, planes, nuclear arms and means of destruction of all kinds becomes a magnificent introduction. Not only does the production of goods which are not for sale ensure the distribution of money, but it does not create the same problems as the production of ordinary capital goods, since there are no commodities to be sold.

On the contrary, if cannons, bombers and torpedoes are put to work, they destroy great quantities of all kinds of goods, and this greatly helps to reduce supply to the level of purchasing power and, at the same time, it paves the way for reconstruction which will keep a lot of people busy.

Since the aim of economics is employment, war is a godsend for civilized countries where automation throws so many people out of work.

That is why we claim that to base money solely on work is to call for excessive intervention by the state with all the disorders that such an intervention entails. It is also for that reason that war is the ideal means of restoring the balance between the products on the shelves and the money in the consumer's pockets. In fact, the more machinery you have—under present regulations—the closer you are to war, which increases the amount of money in circulation while it cuts down on surplus goods and labour.

A more humane way to get out of this situation would be through a social dividend, by creating money to increase purchasing power directly and to bring it to the same level as the supply of consumer goods. Thus, instead of fostering war, machinery would justify the payment of a dividend to every member of society.

That is also why we say that if socialist countries had applied Social Credit, they would have brought about in the world, through the example of the larger countries, an economy of peaceful prosperity, and mankind would have considered them as geniuses and honoured them as great benefactors. But the Social Credit dividend is not on better terms with the Marxist or the Bolshevist philosophy than it is with that of the banker.

Dictators, in Berlin or Moscow, like the modern banker, control the community's credit, and use it in a dictatorial way, now to make cannons, now to get the community into debt; both despise the individual, both are out to dominate the world. Worship of race, worship of money, a terrified world under the jaws of the death bellowers, a world kneeling under the burden of ruinous and unpayable debentures; bend or break, pay or die.

Prosperity does not depend on a constant favourable or unfavourable trade balance, a monetary instrument does not need gold to play its part. It is the unemployment of money that causes the unemployment of men, and the injection of new money would give new life to our whole activity. With money geared to the needs of the country, it would be possible to protect Canada from recessions.

If the money supply regulated by the government eliminates stagnation, the ownership of money in the hands of the government would direct activities and constitute a real dictatorship of government on the economic life; it would be a replacement of banking dictatorship by government dictatorship.

If, on the contrary, by way of deduction, money originally placed in the hands of consumers controlled the economic life according to the desires of the consumers, it would be a social economic democracy in which freedom would flourish and against which any endeavour of planning or dictatorship would not have any chance.

The policy of your proposed planning—only salaries to workers and interest to sponsors—will never solve this problem, since progress reduces the number of wage-earners, and it is because we hold on to the policy of salaries and interest that thousands and millions of human beings starve to death, cursing progress instead of being thankful for it. That is why Social Credit advocates the distribution of dividends to everyone to enable him to buy his share of progress.

I say his share of progress. Progress is the result of science which, in conjunction with the individual work of the inventor and the sponsor who are rewarded in the normal way, justifies the latter. But accumulated science which is a common wealth, plays an

important part in invention and progress. So what is left after the capitalist and the inventor, as also the workers, have been rewarded; so it is the share of the accumulated science that belongs to everyone.

That is why all the good things which remain unsold, all the good things salaries and interests do not buy belong to everybody and everybody must be entitled to his share, instead of letting those things deteriorate and stop progress.

And who is to see that everybody gets his share of the progress made? The government, since it is the government that acts for everybody and is responsible for the common good.

There are two ways of enabling people to buy their share of progress. First, by reducing the price of goods so that one may buy more with each dollar; second, by increasing the number of dollars in people's hands.

Progress in the volume of production requires progress in the money supply. Where it is enormous in the first instance, it must also be made enormous in the field of distribution. Those who stick to the old method of financial distribution are enemies of progress as far as distribution goes; they are paralysing the advance of progress in the field of production and are paving the way for the progress of revolution. Just like progress distinguishes man from beast, Social Credit distinguishes the intelligent from the stupid.

The government of a country surely has the right to manage, to legislate, to implement for the good of all, the prosperity of all. The government holds that right or, to put it another way, that judicial power. It also has the physical power, the implementation power, it is capable to find the men, machines and tools needed to serve the community. But it happens that the government does not feel it has the financial power. It is always on the financial side that its action is limited.

That means that even with unchallenged judicial power and almost unlimited physical power, the government is immobilized by the lack of financial power. The same conclusions hold true with regard to centralized, planified government through Bill C-72 dealing with economic planning and submitted in this house by the minister, who is an economist to boot. Judicial and physical powers are not enough without financial power.

The minister is very careful to keep far away from the financial power.

[Mr. Latulippe.]

That is why, while claiming rights for every individual, while requesting the greatest judicial power for the lower bodies, we maintain that unless financial power is also given to individuals, corporations and governments, the economy will remain at a standstill, plans will remain unimplemented, some reports will gather dust because they will not be read—the minister is aware of that—citizens will remain destitute and unemployment will increase.

Budgets will keep on showing deficits, citizens will be taxed more and more, goods will remain on the shelves in spite of urgent needs. Men will remain unemployed next to rusting machines.

We are not against the price of butter rising to enable farmers to show a profit, but the reasons given by the professor of economics are nothing short of capitulation before a set of figures. Adjust the individual, adjust the consumer, adjust demand to supply, always the wrong way: man is sacrificed. When shall we see the bright ones asking for an adjustment of the purchasing power?

To production capacity, money in hand, the consumer orders what he wishes, and as he pays, production adjusts itself to demand as it should, and man remains the master.

The proposed plans and the planned economy will tell us what to produce, what to buy, how much, at what specific time and what are the individual basic needs for this and that. Planned economy will make all individuals and all appetites equal because the great men, who are not equal, will have decided so. Planned economy may be an amusing game for those who play it, for those who plan it. But it is much less attractive for those who are subjected to planning upon whom planning is imposed.

The trouble with monopoly is that power is held by those who control it. Through planning, you are going to replace private monopoly by state monopoly.

That would only mean changing a group of controllers for another one even more important.

The government employees in charge of nationalized industries could dictate the kind of products, the quality of production, the choice of employees, the salaries paid and the selling price of the products.

There is no place for competitive industry which endeavours to please the public better. Only one authority, that of the government, would control production. And if planning and socialization put such a vast and concentrated power in the hands of a political party, what could be done to get rid of it? They

would have the power. It would mean the simultaneous control of industry, finance and policy. And, to administer that tremendous government control, you would have to set up a large government bureaucracy. People may imagine what such bureaucracy would be, considering the one established since the war by the Ottawa government to control industry and business.

The plans conceived by the hon. minister are merely plans to activate production, create methods and increase the yield, so that there is no problem in this respect. The issue is with regard to distribution, and why not take nature as a model.

The sun and the atmosphere function automatically and are only subject to variations due to natural and normal causes. They are giving us the results for which they were created.

The same should be the case with the monetary economic system. It ought to give people the means of buying the fruits they are able to produce. It ought to be such that the consumption of goods equals production, and those results should not entail the danger of so-called sound financing with its pyramids of debts, its usury, taxes and artificial scarcities.

There is only one rule for money: there must be enough to set in action all the legitimate trade. It is bad when there is not enough or too much. If our country can issue one dollar bonds, it can issue one dollar bills as well. The same factors that give value to the bond would do the same for the bill. But there is a difference in that the bond enables the money dealer to be reimbursed twice.

That is how financiers bring about their control without being interfered with while groups tear one another to pieces without solving anything.

It is impossible to solve the dilemma without wiping out the debt-money system. Only Social Credit has the solution.

(Text):

Mr. Cameron (Nanaimo-Cowichan-The Islands): May I call it ten o'clock, Mr. Speaker?

Mr. Pickersgill: I think, sir, we would like to get on with the business of the house, and so far as we are concerned we would be very glad to hear the hon. gentleman for so long as he likes to speak.

Mr. Colin Cameron (Nanaimo-Cowichan-The Islands): Mr. Speaker, I do not think I will take advantage of this unusual generosity on the part of the Secretary of State (Mr. Pickersgill) but if, as he has indicated, it is necessary to fill in one or two minutes until it is ten o'clock, then I will proceed to do so.

I was quite interested when I read rather carefully the speech of the President of the Privy Council (Mr. Lamontagne) in introducing this measure, in which he said: "Its purpose is to establish economic planning in this country". I have read the bill through with very great care and I can see no possible grounds whatever for this particular deduction. I must say, Mr. Speaker, that I was very disappointed this evening. I had hoped to have the opportunity of striking a blow for biculturalism by remarking on the fortunate conjuncture of name and function with regard to the introduction of this bill and then, alas, the hon. member for Pontiac-Temiscamingue (Mr. Martineau) dealt with it ahead of me. But when I look at the bill itself I can see no reason for the minister's optimistic statement that its purpose is to establish economic planning in this country.

Nowhere in the bill does it suggest that there is to be anyone who is to have the authority to plan. What we are going to have is a number of people who will be asked to compile various statistical data and make economic forecasts; but nowhere is there any suggestion that there is to be any coherent plan produced. In fact I would say this is merely an attempt to correct by unplanned operations the results of planlessness while maintaining the conditions under which planlessness will continue inevitably. It is rather like refusing to take the wheel, but asking passengers to lean first to port and then to starboard in the hope that they may perhaps in some way affect the course of the vessel. Of course, Mr. Speaker, this is very handy when those who are in charge of the navigation appear to be so uncertain as to the destination that should lie at the end of their course.

Now, Mr. Speaker, may I call to your attention the fact that it is ten o'clock.

BUSINESS OF THE HOUSE

Mr. Churchill: Mr. Speaker, may we have from the house leader an indication of the business for the other days of this week.

Mr. Pickersgill: It was understood on Thursday that we would begin the budget resolutions tomorrow, starting with the resolutions respecting the Customs Tariff. I assume they may take a good part of the day, but if we should conclude the Customs Tariff resolutions we would then go on with one or other of the remaining resolutions. I would like to maintain a little freedom as to which

one that will be and I will let hon. gentlemen know the first thing in the morning, because I have not had a chance to consult the Minister of Finance about the order in which he wishes to have them go on.

It was understood that the budget resolutions would also be the business for Wednesday. On Thursday, as the Prime Minister indicated earlier today, the Minister of National Health and Welfare would like to begin the debate on the resolution regarding the Canada pension plan. I would like to talk to hon. gentlemen about Friday before making an announcement.

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

APPENDIX "A"

LETTER TO PROVINCIAL PREMIERS SUGGESTING CONFERENCE

OFFICE OF THE PRIME MINISTER

Ottawa, July 12th, 1963.

(Copy of letter sent to the premiers of all the provinces)

Dear Premier .....

The replies that I have so far received to my letter of June 20th indicate that the premiers of the provinces generally look with favour on the suggestion of a federal-provincial conference to discuss matters of mutual interest in the sphere of pensions and related insurance benefits.

It is now expected that the resolution regarding the Canada Pension Plan, which I sent to you with my earlier letter, will be moved in the House of Commons next week. At that time the Minister of National Health and Welfare intends to make a statement fully outlining the government's proposal. Copies of this statement will be sent to you as soon as it is made.

The provinces will therefore shortly have before them the information needed in order that there may be useful federal-provincial discussions about pensions. This is already the case in another matter of interest to the provinces, namely the federal government's proposal to promote increased employment by financial assistance, in the form of loans with provincial approval, to enable municipalities to augment or accelerate their capital works programmes. This proposal has been set out in detail in the bill which is before the House of Commons.

I think it would be of value to the public, as well as to the governments and others directly concerned, if federal-provincial discussions on these two matters were held as soon as possible.

Accordingly, I am now writing to enquire whether you would be able to attend a two-day conference in Ottawa on July 26th and 27th.

In addition to discussing pensions and this assistance to municipalities, such a meeting would provide opportunity for consideration of the procedure and timing of a full federal-provincial conference later in the year.

I would propose that the conference on July 26th and 27th should be held in camera, though of course each of us would be free before or after to make such public statements as he may wish regarding his government's views on the subjects under discussion.

Yours sincerely,

(signed) L. B. Pearson

APPENDIX "B"

[*Translation:*]

LETTER AND RESOLUTION FROM PREMIER LESAGE

OFFICE OF THE PREMIER
Province of Quebec

Quebec City, July 11, 1963.

The Right Honourable Lester B. Pearson, P.C.,
Prime Minister of Canada,
House of Commons,
Ottawa, Ontario.

Mr. Prime Minister:

Following my letter to you of June 7, 1963, asking you not to proceed with the establishment of a municipal loans fund until the provincial premiers have had an opportunity to confer among themselves in the matter early in August. I feel I should formally draw your attention to a resolution that was unanimously agreed to in the legislative assembly on June 26.

Herewith is a copy of that document.

I must add that I am sure of expressing the unanimous feeling of the members of the Quebec legislative assembly when I say that they consider as a breach of your promise fully to respect provincial rights, in your management of the affairs of this country, the fact of proceeding unilaterally to establish a municipal loans fund which, according to your platform, was to be instituted solely in co-operation with the provinces.

Under the circumstances, your attitude forces me, most regretfully, to table this letter forthwith in the legislative assembly.

Please accept, Mr. Prime Minister, the assurance of my regards.

Jean Lesage.

[*Translation:*]

EXTRACT from the minutes of a meeting of the Quebec legislative assembly, held June 26, 1963:

"Moved by Mr. Dozois, seconded by Mr. Ducharme:

That this house feels that Bill No. C-76, respecting the "municipal development and and loan act", which was introduced in the House of Commons by the Minister of Finance of Canada, is a serious infringement upon the exclusive jurisdiction and the autonomy of the province of Quebec in matters pertaining to municipal affairs, and requests that the provincial government consider the possibility of establishing a provincial system of municipal credit which would facilitate municipal loans."

Motion unanimously agreed to."

Certified true copy:

Antoine Lemieux,
Clerk of the Legislative Assembly.

HOUSE OF COMMONS

Tuesday, July 16, 1963

The house met at 2.30 p.m.

PRIVILEGE

MR. SPEAKER—STATEMENT RESPECTING MOTION BY MEMBER FOR WINNIPEG NORTH CENTRE

Mr. Speaker: May I refer to the question of privilege raised in the house yesterday by the Minister of Justice. In the July 15 issue of *Hansard* at page 2167 the Minister of Justice is reported as having raised a question of privilege in the following words:

> Mr. Speaker, I rise on a question of privilege. On Friday the hon. member for Winnipeg North Centre (Mr. Knowles) rose on a question of privilege, as reported at page 2121 of *Hansard*, which I think I can summarize. I quote:
>
> "My point of privilege is that what we now have is precisely what we had last June. We have the government construing that the Financial Administration Act or regulations made under it gives them authority to do something which the act itself says cannot be done. The Financial Administration Act says that no appointments by the treasury board can be made under it."

The Minister of Justice then went on to say:

> The hon. member's statement in this respect is not correct. If hon. members would look at section 5 (2) of the Financial Administration Act they would find it provides that the governor in council may authorize the treasury board to exercise all or any of the powers, other than powers of appointment, of the governor in council under the Civil Service Act, the Civil Service Superannuation Act, the Defence Services Pension Act, and parts II to VI of the Royal Canadian Mounted Police Act.
>
> The action taken was not under any of the foregoing acts, nor was it an "appointment". Section 39 of the Financial Administration Act authorizes the governor in council to make regulations with respect to the conditions under which contracts may be entered into, and it was pursuant to these regulations that the contracts were made. Section 5 (2) of the Financial Administration Act has no application whatever to the present situation.

Thereupon *Hansard* reports that the hon. member for Winnipeg North Centre stated the following:

> Mr. Speaker, on the question of privilege may I suggest that what I indicated on Friday was that the opinion in the name of Mr. Driedger tabled by the Prime Minister indicated that though it was purported that these arrangements were made under the government contracts regulations in accordance with section 39 of the Financial Administration Act, they do not come within the terms of the government contracts regulations themselves, as Mr. Driedger himself pointed out.
>
> It seems to me that since we have had a question of privilege and a counter question of privilege raised in connection with the subject, the matter should be gone into. I therefore move, seconded by the hon. member for Burnaby-Coquitlam:
>
> "That sessional paper No. 39B be referred to the committee on privileges and elections for study and report."

At this juncture I suggested that the motion might be allowed to stand until today in order to ensure that there was a prima facie case of privilege involved in the assertions of the two hon. gentlemen.

I do not propose at this time to review the authorities or comment on the nature of parliamentary privilege, but I would refer to the attention of hon. members May's sixteenth edition, pages 42 and 43; Bourinot's Parliamentary Procedure, fourth edition, page 37 and also Beauchesne's Parliamentary Rules and Forms, fourth edition, beginning at page 93.

The question of the privileges of this house is a wide and complex subject, and to try to cover that subject in a few words could be a most hazardous exercise. However, recognizing the risk that may be incurred in doing so I would say that, stated briefly, a question of privilege is a question relating to the rights, security, dignity and freedom of the house as a whole or of its members individually, and to the conduct and honour of such members.

If my summary of the authorities be substantially sound, I find no support in any of them for the contention of the hon. member for Winnipeg North Centre that a prima facie question of privilege of this house is involved in his assertions or in his motion. It seems to me that what we have is, in essence, a dispute between two hon. members with regard to the legality of certain action. In other words I suggest that the matter could be raised as a grievance on a motion to go into committee of supply or at some other appropriate occasion. In this regard may I refer hon. members to paragraph 5 of citation 104 of Beauchesne's fourth edition.

Since there is, in my opinion, no question of privilege involved I cannot give the hon. member's proposed motion precedence over the business set down for today.

Mr. Knowles: Mr. Speaker, may I just say that I accept your ruling and will deal with the matter on another occasion.

Inquiries of the Ministry

(Translation):

BANKING AND COMMERCE

FOURTH REPORT OF STANDING COMMITTEE ON BANKING AND COMMERCE—MR. ASSELIN (NOTRE DAME DE GRACE)

Mr. Edmund Asselin (Notre Dame de Grace) presented the fourth report of the standing committee on banking and commerce, in English and in French.

(Text):

LABOUR RELATIONS

NORRIS COMMISSION—INQUIRY AS TO GOVERNMENT ACTION

On the orders of the day:

Hon. Michael Starr (Ontario): I should like to address a question to the Minister of Labour. Now that the government has the report and recommendations made by Mr. Justice Norris, will he advise the house what the government intends to do about them?

Hon. A. J. MacEachen (Minister of Labour): Mr. Speaker, the government received the report just yesterday morning. It is a very lengthy report with a number of far reaching proposals. It took Mr. Justice Norris a year to make this report and these recommendations. We do not expect to take that long to reach a decision, but we intend to study these conclusions and recommendations immediately.

Mr. H. A. Olson (Medicine Hat): May I ask a supplementary question. I should like to ask the Minister of Justice if he does not feel that some of the findings of the recommendations in this report come within the ambit of the Department of Justice, and what he intends to do about instituting remedial action in relation to them.

Hon. Lionel Chevrier (Minister of Justice): It may well be, Mr. Speaker, that some of the recommendations contained therein come within the purview of the Department of Justice. However, as the Minister of Labour has said, the report was tabled only yesterday and I will have to give it careful consideration in order to determine what action should be taken.

[*Later:*]

Mr. Andrew Brewin (Greenwood): I should like to ask the Minister of Labour, in the light of the Norris report, whether he has called the attention of his colleague the Minister of Citizenship and Immigration to section 19 of the Immigration Act, which permits the deportation of any person other than a Canadian citizen who engages in the subversion by force or other means of democratic institutions or processes as they are understood in Canada.

[Mr. Knowles.]

Mr. MacEachen: The matter raised by the hon. member is referred to in one of the concluding paragraphs of the Norris report. Yesterday I had the opportunity to discuss this matter briefly with the Minister of Citizenship and Immigration, who was fully aware of the implications of the recommendation.

Mr. Eldon M. Woolliams (Bow River): Is it not a fact that Banks was admitted to Canada by a special order in council of the previous government?

Mr. Pickersgill: That is not a fact.

An hon. Member: It is so.

[*Later:*]

Mr. Woolliams: On a question of privilege, the Secretary of State denied an assertion which I made a few minutes ago, but I have now found the reference in support of what I had to say. I wish to read from page 312 of the report of the industrial inquiry commission on the disruption of shipping:

> The order in council of July 6th, 1954, which authorizes Banks' admission to Canada, was based on the fact that there was satisfactory evidence of his rehabilitation. He was granted status as a landed immigrant.

Hon. J. W. Pickersgill (Secretary of State): It is correct that after Mr. Banks came to live in Canada he was given the status of a landed immigrant, but he was first admitted to Canada, it seems to me, immediately after the war and not at that time.

[*Later:*]

Mr. Donald MacInnis (Cape Breton South): Mr. Speaker, I have a question for the Minister of Labour. In answer to the hon. member for Greenwood the minister indicated that the Norris commission report had been discussed with the Minister of Citizenship and Immigration. Does this mean that the government is considering the issuing of a deportation order with respect to Mr. Banks?

Mr. MacEachen: Mr. Speaker, the discussion I had with the Minister of Citizenship and Immigration was brief and informal, and from that it is not to be concluded that the government is actively considering at the present time any recommendations made in the report.

NATIONAL DEFENCE

NUCLEAR WEAPONS—SUGGESTED SUSPENSION OF DISCUSSIONS WITH U.S.

On the orders of the day:

Mr. T. C. Douglas (Burnaby-Coquitlam): Mr. Speaker, may I direct a question to the Prime Minister. In view of the hopeful beginnings of the test ban talks in Moscow and the fundamental reorientation of Soviet policy

that appears possible in the light of the unprecedented attacks on the Chinese position, published on July 14 by *Pravda,* would the Prime Minister give serious consideration to holding in abeyance for the present any further discussions with the United States concerning the bilateral agreement for the acquisition of nuclear weapons by Canada?

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, the government would be happy to take any action which would facilitate agreement at the talks in Moscow, particularly agreement in the field of test banning, but I do not think the course suggested by my hon. friend would have that result.

MID-CANADA LINE—CONTINUATION OF OPERATION OF STATIONS

On the orders of the day:

Mr. Robert Simpson (Churchill): Mr. Speaker, I should like to direct a question to the Minister of National Defence. In view of the statement made in the house yesterday by the minister that the United States government would be discontinuing the operation of some 20 D.E.W. line sites in Canada, could the minister advise the house whether the government has in mind any similar plan in relation to the mid-Canada line? If so, could he assure the house that ample notification will be given to any persons whose livelihood may be disrupted?

Hon. Paul Hellyer (Minister of National Defence): There are no present plans for changing the requirements with respect to the mid-Canada line.

INQUIRY AS TO PERSONNEL OF DEFENCE SPENDING COMMITTEE

On the orders of the day:

Mr. G. H. Aiken (Parry Sound-Muskoka): Mr. Speaker, I have a question for the Minister of National Defence. Will the minister give the house the names of the other members of the committee that will study defence spending under Dr. R. J. Sutherland?

Hon. Paul Hellyer (Minister of National Defence): Mr. Speaker, I do not think any purpose would be served by making that information public.

DOMINION-PROVINCIAL CONFERENCE

ATTENDANCE OF MEMBERS OF OPPOSITION PARTIES

On the orders of the day:

Mr. Gilles Gregoire (Lapointe): Mr. Speaker, I would like to direct a question to the Prime Minister. Would the Prime Minister give consideration to the possibility of inviting members of the opposition parties to attend the federal-provincial conference on July 26 and 27, in order to have them better prepared to study the bills when they are brought before the house?

Right Hon. L. B. Pearson (Prime Minister): This is a very interesting suggestion, Mr. Speaker, but I think before it could be acted on it would require consultation with all provincial governments.

Mr. Gregoire: As a supplementary question, would the Prime Minister agree to consult the provincial premiers in order to have members of the opposition parties present as observers at this conference?

(Translation):

[*Later:*]

Mr. Gregoire: Mr. Speaker, I should like to direct a question to the Prime Minister. Could the Prime Minister tell the house whether the Quebec premier's ultimatum concerning a new sharing of the sources of income will be discussed during the federal-provincial conference which will be held on July 25 and 26?

(Text):

Mr. Pearson: It is not on the agenda.

Right Hon. J. G. Diefenbaker (Leader of the Opposition): Can the Prime Minister indicate how many of the provincial premiers have signified their intention of being present at the conference? I know the notice just went out, but has he received any acceptances or any refusals?

Mr. Pearson: I have not checked my mail since ten o'clock this morning. At that time there had been no replies, but some may have been received during the morning.

(Translation):

Mr. L. J. Pigeon (Joliette-L'Assomption-Montcalm): Mr. Speaker, I should like to direct a supplementary question to the Prime Minister. Does the Prime Minister intend to include on the agenda of the conference a discussion on the advisability of amending the Criminal Code to allow lotteries?

(Text):

Mr. Pearson: The letter I addressed to the premiers of the provinces indicated the three matters that would be discussed, and that is not one of the matters for this meeting.

CONSIDERATION OF ESTABLISHMENT OF PERMANENT SECRETARIAT

On the orders of the day:

Mr. Heward Grafftey (Brome-Missisquoi): Mr. Speaker, I should like to direct my question to the Prime Minister. Would the Prime Minister consider at the proposed forthcoming meeting of premiers initiating discussions

relating to the establishment of a secretariat or some other permanent organization for dealing with federal-provincial relations?

Right Hon. L. B. Pearson (Prime Minister): The meeting next week is a preliminary one. The suggestion of my hon. friend, which is an important and interesting one, would I think be more suitable for the next meeting, which will be a longer meeting, in the autumn.

PENITENTIARIES

ST. VINCENT DE PAUL—INSTALLATION OF GATE IN EXERCISE YARD

On the orders of the day:

Mr. Harold E. Winch (Vancouver East): Mr. Speaker, I would like to direct a question to the Minister of Public Works on a matter about which I spoke yesterday, and of which I gave him notice this morning. Can the minister assure the house that the company to which his department gave a contract will fulfil immediately their obligation in the installation of a gate to the exercise area of the segregation section of the maximum security division at St. Vincent de Paul penitentiary, in order that the warden can release rough and tough men for short periods in the exercise yard?

Hon. J. P. Deschatelets (Minister of Public Works): Mr. Speaker, I wish to thank the hon. member for having sent me notice of his question, and I would like to tell him that temporary gates are now being installed and will be completed by July 18. The permanent installation is expected to be completed by July 31. The delay in the permanent installation was caused by the failure on the part of the contractor to obtain the special prison locking devices required.

As the hon. member knows, we have decided on an emergency program regarding the needs at St. Vincent de Paul penitentiary, and after hearing from the hon. member I am going to contact the architect in chief of the department so that he may present me with a report on the actual state of the works we have undertaken there.

POWER

PASSAMAQUODDY—PARTICIPATION BY CANADA IN PROJECT

On the orders of the day:

Hon. H. J. Flemming (Victoria-Carleton): Mr. Speaker, I wish to direct a question to the Prime Minister. With reference to the statement made this morning by interior secretary Stewart Udall of the United States concerning the Maine-New Brunswick Passamaquoddy power project, as reported in the press this morning, has the Prime Minister taken note of the report, and is he in a position to inform the house with respect to the participation of the Canadian government in this project?

Right Hon. L. B. Pearson (Prime Minister): Yes, Mr. Speaker, we will certainly be glad to take note of this report which has just been released today, as my hon. friend has indicated. I understand that the President of the United States is expected to make a statement shortly commenting on the report. In the letter submitting the report to the President the secretary of the interior suggests that suitable arrangements would have to be made with the Canadian government for the United States to construct the Passamaquoddy tidal project and to work out an equitable sharing of the downstream benefits from power development of the Saint John river in Canada.

Then Mr. Udall recommends that the President request the secretary of state to immediately initiate negotiations with the government of Canada looking toward a satisfactory arrangement for the sharing of the power and flood control benefits of the Saint John river in Canada and the development of the Passamaquoddy tidal power project by the United States. Mr. Speaker, when a request is received from the United States government to initiate such negotiations, it will certainly be given immediate consideration here.

EXTERNAL AFFAIRS

REQUEST THAT 1965 BE DECLARED INTERNATIONAL CO-OPERATION YEAR

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, I wish to address a question to the Prime Minister. In view of the fact that the Soviet union has responded favourably to the suggestion of Canada's Voice of Women that 1965 be declared international co-operation year, will the Prime Minister give consideration to Canada also recommending to the secretary general of the United Nations, U Thant, that 1965 be declared international co-operation year?

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, if my memory serves me correctly, last year the then secretary of state for external affairs expressed on behalf of the government, support for an international co-operation year. I remember at the time indicating my own support for this proposal, and we would be glad to confirm that support at the forthcoming general assembly.

INDIA—INQUIRY AS TO MILITARY AID

On the orders of the day:

Hon. Paul Martineau (Pontiac-Temiscaminque): I have a question for the Secretary of

State for External Affairs. Will the minister tell the house whether Canada's contribution under the commonwealth-United States military aid program to India is now taking the form of men as well as military supplies?

Hon. Paul Martin (Secretary of State for External Affairs): As the house is aware, Canada agreed to take part in a joint commonwealth-United States air defence mission which went to India last January. This was in accordance with a decision made by the previous government. The report of the mission has been carefully considered, and the need to protect Indian cities against possible air attacks from the north has been recognized. However, we have reached the conclusion that we do not have the equipment or the personnel which would allow us to provide effective assistance to India in that particular field. It has been decided, therefore, that Canada should not be a party to current arrangements which might be concluded between India and other governments which may be in a better position to assist.

Miss Pauline Jewett (Northumberland): Can the minister say whether Canada has given any military assistance to India?

Mr. Martin (Essex East): Yes, Canada has given assistance to India altogether apart from the proposed exercise which formed the basis of the question asked by the hon. member for Pontiac-Temiscamingue. Canada has supplied eight Dakota aircraft, five Otter aircraft, 36 Harvard aircraft, personal military clothing, nickel for defence production, and training.

Right Hon. J. G. Diefenbaker (Leader of the Opposition): I compliment the minister on his wonderful memory, and ask him when the decision was made to do these things and when these supplies were given.

Mr. Martin (Essex East): Since the Prime Minister—

Some hon. Members: Oh, oh.

Mr. Martin (Essex East): If hon. members will permit me, I was just about to say that since the Prime Minister, on my right, has suggested to me that part of the reply should be "Some time ago", I can only say to the Leader of the Opposition, whose status I always recognize, that the decision with regard to what was done in January was, of course, taken by the government of the right hon. gentleman when he was prime minister. The assistance given to India in the supply of aircraft was not all given during the period the right hon. gentleman was head of the government.

Mr. Diefenbaker: It was all agreed to and ready to be done.

Mr. Nicholas Mandziuk (Marquette): As a supplementary question I should like to ask the minister if this assistance is given on the basis of lend-lease or credit or as an outright gift.

Mr. Martin (Essex East): Some has been made available as an outright gift. Some military equipment has been supplied on loan, at reduced interest to the receiving country.

(Translation):

[*Later:*]

FAILURE TO INVITE FRANCE TO TEST BAN DISCUSSIONS

On the orders of the day:

Mr. Gerard Chapdelaine (Sherbrooke): Mr. Speaker, I should like to direct a question to the Secretary of State for External Affairs. Could he tell the house if he has been informed of the reasons why the United States, the United Kingdom and the U.S.S.R. have not invited France, which is a nuclear power, to take part in the talks now being held in Moscow to ban certain nuclear tests? If so, can he tell us what those reasons were?

Hon. Paul Martin (Secretary of State for External Affairs): Mr. Speaker, that is a question which does not concern Canada.

(Text):

REPORTED U.S. REQUEST THAT CANADA-CUBA FLIGHTS BE DISCONTINUED

On the orders of the day:

Mr. T. C. Douglas (Burnaby-Coquitlam): Mr. Speaker, may I direct a question to the Prime Minister. In view of the expressed hope of the United States state department that Canada will discontinue flights between Toronto and Havana, can the Prime Minister assure the house that the Canadian government will not comply with this request?

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, no such request has been received by the Canadian government on this matter.

HONG KONG—CONTINUATION OF EMERGENCY RELIEF MEASURES

On the orders of the day:

Hon. W. G. Dinsdale (Brandon-Souris): Mr. Speaker, I should like to direct a question to the Secretary of State for External Affairs. Yesterday in a written reply the minister indicated that the emergency food relief program for Hong Kong initiated by the former administration would not be continued under the new administration. Would the

minister not agree that the continuing emergency in Hong Kong requires continued extraordinary relief measures in which Canada might well assist?

Hon. Paul Martin (Secretary of State for External Affairs): Mr. Speaker, no one will deny the postulates implied in the question of my hon. friend, but I can now add no more to what has already been given by way of a written reply.

PARLIAMENT HILL

CHANGING OF THE GUARD—FAILURE TO INFORM PUBLIC OF CANCELLATION

On the orders of the day:

Mr. R. N. Thompson (Red Deer): Mr. Speaker, I should like to direct my question to the Minister of National Defence. Perhaps Your Honour would permit me to first say one or two sentences in explanation. This morning I paused for a few minutes from routine duties to observe the changing of the guard. Some 5,000 visitors had gathered to see this most interesting attraction on capital hill during the summer months.

Some hon. Members: Come on.

Mr. Thompson: The guard reached the cenotaph, circled and returned to barracks. It is true that there was a threat of rain, but none was falling and none came. I was very disturbed by the fact that an announcement was not even made to this tremendous gathering of visitors, and I would ask the Minister of National Defence whether he could explain why such a thing was permitted to happen.

Hon. Paul Hellyer (Minister of National Defence): Mr. Speaker, as hon. members know, in the event of bad weather the changing of the guard has on previous occasions been cancelled prior to the commencement of the parade. However, should the weather take a turn for the worse after the parade to parliament hill has started, the officer commanding the guard has authority to return immediately to barracks. This morning in the opinion of the officer commanding the conditions justified this procedure being carried out, and in consequence the guard did not proceed to parliament hill to carry out the ceremony.

I might add, Mr. Speaker, that the uniforms and equipment carried, including the colours, are quite valuable and if an exercise of judgment is necessary it is preferable to err on the side of caution.

Mr. Thompson: A supplementary question, Mr. Speaker. Does the minister not think it might have been courteous to make an announcement to the tremendous gathering of people waiting to see this ceremony?

[Mr. Dinsdale.]

Mr. Hellyer: I am sure it would have been, Mr. Speaker, and this suggestion will be brought to the attention of the commanding officer so that it will be possible in the future to make some sort of announcement.

REQUEST FOR ADDITIONAL CARILLON PROGRAMS

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): I wish to address a question to the most obliging Minister of Public Works. My question is prompted by conversations with tourists and the curiosity of one gentleman of the press. In view of the fact that 5,000 people attend the daily changing of the guard ceremony and that an estimated 10,000 tourists are in Ottawa every day, can the minister explain why there are only two late programs on the carillon, and would he consider making provision for at least one day time program and another at a suitable hour every evening of the week during the summer months?

Hon. J. P. Deschatelets (Minister of Public Works): I thank the hon. member for bringing up this question. I personally had the same idea while listening to the carillon on Sunday night. I shall bring the matter to the attention of the proper authority without delay.

TELEVISION

SWIFT CURRENT—REQUEST FOR REVIEW OF APPLICATION FOR SATELLITE STATION

On the orders of the day:

Mr. Reg Cantelon (Kindersley): Mr. Speaker, I have a question I should like to address to the Secretary of State in his capacity as minister in charge of the C.B.C. I hope hon. members will bear with me while I set the stage for the question.

A recent report of the C.B.C. approved a second television station in Saskatoon. Once it is in operation it is the intention of CFQC-TV in Saskatoon to leave the C.B.C. network and join a private television network. This will also remove the Stranraer satellite of CFQC from the network and will leave approximately 70 per cent of Kindersley constituency without C.B.C. coverage.

I would ask the minister whether he could now have the board of broadcast governors review an application of the Swift Current television station to establish a satellite in the Kindersley area or north of the Kindersley area in Kerrobert. I should hope that in the light of changed circumstances this would now receive favourable consideration.

Hon. J. W. Pickersgill (Secretary of State): Mr. Speaker, I will be very glad to draw the

hon. gentleman's speech to the attention of the chairman of the B.B.G.

GRAIN

SASKATCHEWAN—REQUEST FOR INCREASE IN DELIVERY QUOTAS

On the orders of the day:

Mr. A. C. Cadieu (Meadow Lake): Mr. Speaker, I have a question for the Minister of Trade and Commerce, having received some inquiries from a number of points in Meadow Lake constituency. Farmers are quite concerned who are only as yet on an 8 bushel quota. Could the minister give these farmers any assurance that they will receive the necessary box cars and orders so they may be placed on a 12 bushel quota before the end of the crop year?

Hon. Mitchell Sharp (Minister of Trade and Commerce): Mr. Speaker, I can say to the hon. gentleman that the wheat board has given me assurance that it will do everything possible to see that all points are on the 12 bushel quota before the end of the crop year.

SASKATCHEWAN—REQUEST FOR REINSTATEMENT OF BOARD ORDER NO. 1,000

On the orders of the day:

Hon. Mitchell Sharp (Minister of Trade and Commerce): Mr. Speaker, I should like to reply to the question asked in my absence yesterday by the hon. member for Kindersley concerning reinstatement of Canadian wheat board shipping order No. 1,000. I am advised by the board that order No. 1,000 will be reinstated after the start of the new crop year. I might explain that the reason the wheat board has seen fit to suspend their shipping order policy is that they are simply trying to equalize delivery opportunities at shipping points, which I know is supported by all members of the house. The suspension of order No. 1,000 means that those stations already on a 12 bushel quota will have to mark time until the others catch up.

AGRICULTURE

INQUIRY AS TO LOANS ON FARM STORED GRAIN

On the orders of the day:

Mr. Reynold Rapp (Humboldt-Melfort-Tisdale): Mr. Speaker, I should like to direct a question of urgency to the Minister of Trade and Commerce under whose jurisdiction the Canadian wheat board comes. As the minister is aware, the three western prairie provinces are expecting to harvest a very large grain crop this year. Since the prospects for export of this grain are very dim at the present time, as a result of which the biggest part of this year's grain will have to be stored on the farms, would the minister confirm or deny the report that interest free cash advances to farmers on farm stored grain will be drastically curtailed during the 1963-64 crop year on account of this unprecedented large volume? In that event, can the minister—

Mr. Speaker: Order, please. May I suggest that this question be put on the order paper.

Hon. Mitchell Sharp (Minister of Trade and Commerce): Mr. Speaker, I should like to answer the relevant part of that question. There seems to have been a suggestion that the Prairie Grain Advance Payment Act would not be in operation in the coming crop year. This was the essence of a question put yesterday in my absence. I should like to say, so there is no uncertainty, that this act of course, remains in effect. Hon. members may recall, since this was legislation introduced by the party which is now in opposition, that under the act no loans are made after June 1 in any crop year; but on August 1 loans will be resumed, as they have been in any other year. The terms of the act speak for themselves, and there will be no curtailment in any way of its ordinary operation.

Mr. Rapp: Mr. Speaker, a supplementary question. The minister has said that these cash advances will be made. Are they interest free?

Mr. Sharp: Well, I think the hon. gentleman was a member of the party which introduced this legislation and he ought to know. I can assure him that that is so.

ALBERTA—APPLICATIONS FOR WORK UNDER P.F.A.

On the orders of the day:

Mr. C. S. Smallwood (Battle River-Camrose): Mr. Speaker, I have a question for the Minister of Agriculture. Did he issue an order than anyone wishing P.F.A. work in Alberta must apply to the office in Regina, Saskatchewan?

Hon. Harry W. Hays (Minister of Agriculture): Mr. Speaker, if the department has issued such an order I will have to look into it and let the hon. member know tomorrow.

Mr. Eldon M. Woolliams (Bow River): A supplementary question, Mr. Speaker. I should like to ask the Minister of Agriculture whether all inspectors employed under the Prairie Farm Assistance Act last year have been fired by the new government?

Mr. Hays: Mr. Speaker, we select these people on the basis of merit only and I can assure the hon. member that there will be no changes if they are competent. I do not think this has always been done.

Inquiries of the Ministry

Mr. Smallwood: A further supplementary question, Mr. Speaker. This order has been issued. Will the minister kindly inform the house who issued it if he did not?

PUBLIC SERVICE

SUPERANNUATED FEDERAL EMPLOYEES—REQUEST FOR INCREASED PENSIONS

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, may I direct a question to the Minister of Finance. In view of assurances given earlier this session that consideration would be given to the position of retired civil servants whose pensions are inadequate, could the minister say whether we might anticipate at this session an amendment of the Public Service Pension Adjustment Act under which this sort of thing could be done?

Hon. Walter L. Gordon (Minister of Finance): Mr. Speaker, there is an item in the estimates which will provide for this from July 1, 1963 on.

TABLING OF SALARY INCREASES FOR CERTAIN CLASSES

On the orders of the day:

Mr. H. A. Olson (Medicine Hat): I should like to ask the Minister of Finance if he is now able to make public the schedules of increases that he announced would be tabled today?

Hon. Walter L. Gordon (Minister of Finance): Yes, Mr. Speaker, they are available. If anybody would like to have them I would be glad to supply them. If hon. members would like to have them tabled I would be glad to table them.

Mr. Stanley Knowles (Winnipeg North Centre): May I ask a supplementary question. Is the minister in a position to say how many days it will be before a similar announcement is made in respect of the employees of the House of Commons?

Mr. Gordon: I think that will depend very largely on when Your Honour's committee is able to meet.

Mr. Olson: I should like to request that the schedules be tabled.

Mr. Speaker: Is it agreed?

Some hon. Members: Agreed.

TRADE

RED CHINA—REQUEST FOR REPORT ON NEGOTIATIONS

On the orders of the day:

Mr. J. H. Horner (Acadia): May I direct a question to the Minister of Trade and Commerce in regard to his statement in Regina on wheat markets. In view of the importance of this subject in Regina and the west generally, has the hon. gentleman anything further to tell the house with regard to the China wheat negotiations?

Hon. Mitchell Sharp (Minister of Trade and Commerce): I have received a report from Mr. McNamara, who is heading this delegation, as he headed the previous one. He reported progress.

REPORTED CHANGES IN PERSONNEL OF WHEAT BOARD

On the orders of the day:

Mr. J. E. Pascoe (Moose Jaw-Lake Centre): A supplementary question to the Minister of Trade and Commerce with regard to his visit to the west. Would the minister comment on reports that there may be changes in, or additions to, the top personnel of the Canadian wheat board?

Hon. Mitchell Sharp (Minister of Trade and Commerce): I was asked a question about certain rumours I encountered in western Canada relative to appointments to the Canadian wheat board. I will give the same answer now that I gave on that occasion. I was asked whether it was true that Mr. C. W. Gibbings will be asked to join the Canadian wheat board. The answer I gave was that the Canadian government would be delighted to have a man with the vast experience and knowledge of Mr. Gibbings as a member of the board.

BRAZIL—EFFORTS TO INCREASE WHEAT SALES

On the orders of the day:

Mr. H. A. Olson (Medicine Hat): Mr. Speaker, I should like to address a question to the Minister of Trade and Commerce, notice of which was sent to him earlier today. It arises out of the announcement by the Australian wheat board yesterday to the effect that Australia is making a new, concerted effort to sell wheat to Brazil. Would the minister inform the house as to what special action Canada plans to meet this kind of competition and subsequently increase Canadian wheat sales to this country?

Hon. Mitchell Sharp (Minister of Trade and Commerce): Mr. Speaker, the wheat board has been attempting for many years at a time when I was permanent head of the department, during the period the previous government was in office and today, to sell wheat to Brazil. Its efforts have never slackened, and anything the Canadian government can do to assist them is being done. I do not really think there is anything more I can say by way of reply.

RED CHINA—NEGOTIATION OF ORIGINAL WHEAT AGREEMENT

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, may I direct a question to the Minister of Trade and Commerce. Is the minister in a position to confirm, or otherwise, the story in the Winnipeg *Free Press* by Victor Mackie that the wheat deal with China in 1961 was signed by the wheat board representatives in Hong Kong three days before the then minister of agriculture left Canada to go to Hong Kong? What does this mean with regard to the whole situation as to who negotiates these contracts?

Hon. Mitchell Sharp (Minister of Trade and Commerce): Mr. Speaker, I was not here and could not say when the former minister of agriculture left Canada to conduct these negotiations. I am told it was after April 22, 1961. If so, he arrived after the agreement had been signed. The answer to the second part of the question is very clear. Under the Canadian Wheat Board Act such negotiations are conducted, of course, by the Canadian wheat board. They were conducted in 1961 under the direction of Mr. McNamara, and they are now being conducted by him.

Mr. Horner (Acadia): Who provided the credit terms?

Mr. Hellyer: The Canadian people.

(Translation):

AIR TRANSPORT

REQUEST FOR STATEMENT ON RATES FOLLOWING OTTAWA MEETING

On the orders of the day:

Mr. Guy Marcoux (Quebec-Montmorency): Mr. Speaker, I should like to direct a question to the Minister of Transport.

Has the minister any recent information to give the house concerning international air rates, following the meeting of the international air transport association which took place yesterday?

(Text):

Hon. G. J. McIlraith (Minister of Transport): Mr. Speaker, I have no information on that subject to give the house, but perhaps I should explain that the meeting taking place in Ottawa at the present time is a meeting of the aeronautical authorities of the countries whose carriers operate air services on the Atlantic and Pacific. This conference is not dealing with air tariffs. International air fares are established by the international air transport association, which is an organization of air lines, and these fares are subject to approval by the appropriate government authorities. The present conference is dealing with the relationship between the international air transport association and the government authorities and the procedures to be adopted in dealing with fares when they are established by the international air transport association.

(Translation):

FINANCE

APPLICATION OF SALES TAX TO MUNICIPAL WORKS

On the orders of the day:

Mr. L. J. Pigeon (Joliette-L'Assomption-Montcalm): Mr. Speaker, I should like to direct my question to the Prime Minister.

Does the government intend to accede to the request of the Federation of Mayors and Municipalities of Canada as to the removal of tax on building materials for municipal works?

(Text):

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

ARTS, LETTERS AND SCIENCES

INQUIRY AS TO APPOINTMENT OF ROYAL COMMISSION

On the orders of the day:

Mr. S. J. Korchinski (Mackenzie): Mr. Speaker, I desire to address a question to the Prime Minister. In view of the fact that Premier Bennett has apparently agreed verbally, is the Prime Minister now in a position to appoint the commission to study biculturalism?

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, I had hoped to make the announcement yesterday or today but we are still awaiting replies from, I think, two gentlemen who have been invited to serve on the board.

(Translation):

Mr. L. J. Pigeon (Joliette-L'Assomption-Montcalm): I wish to direct a supplementary question to the Prime Minister, Mr. Speaker.

When the members of this commission are appointed, does the Prime Minister intend to ask them to present their report a few months before the confederation centennial?

(Text):

Mr. Pearson: Mr. Speaker, the suggested terms of reference have already been made public.

Mr. Nicholas Mandziuk (Marquette): A supplementary question, Mr. Speaker. Would the Prime Minister care to tell us how many members there are going to be on the royal commission on biculturalism?

Inquiries of the Ministry

Mr. Pearson: That will be clear when I make the announcement of the personnel of the commission, and I do hope to be able to do that tomorrow or the next day.

NORTHERN AFFAIRS

INQUIRY AS TO CONDITION OF ALASKA HIGHWAY

On the orders of the day:

Mr. Bert Leboe (Cariboo): Mr. Speaker, I have a question for the Minister of National Defence. Has the minister anything to report on the condition of the Alaska highway?

Hon. Paul Hellyer (Minister of National Defence): Mr. Speaker, the only information available at national defence headquarters was included in a message dated July 11, 1963 from headquarters, western command, which states:

> Alaska highway is closed until further notice to all traffic from Fort Nelson, mile 300, to mile 496 due to flooding and washouts. Closure is expected to last several days.

Western command has been requested to report on the status of this situation.

POST OFFICE DEPARTMENT

STATEMENT AS TO MAIL SERVICE TO BRITISH GUIANA

On the orders of the day:

Hon. Azellus Denis (Postmaster General): May I answer a question yesterday asked by the hon. member for Burnaby-Coquitlam concerning mail service to British Guiana. This service was discontinued from June 14 until July 12 because of a general strike in that country. Arrangements were made, however, that anything sent by air mail would be accepted. This service has now been resumed on a regular basis.

PRIVILEGES AND ELECTIONS

SUGGESTED REFERENCE TO COMMITTEE OF BUTTERWORTH LETTER

On the orders of the day:

Mr. Guy Marcoux (Quebec-Montmorency): I should like to ask a question of the Prime Minister. In view of the statement made yesterday by the Minister of Justice concerning the forged letter, purporting to come from Mr. Butterworth, does the Prime Minister intend to put the whole matter before the standing committee on privileges?

Right Hon. L. B. Pearson (Prime Minister): I do not think any useful purpose would be served in submitting this forged letter to the committee in question.

[Mr. Mandziuk.]

PUBLIC WORKS

REQUEST FOR POLICY OF BUYING CANADIAN PRODUCTS

On the orders of the day:

Mr. Donald MacInnis (Cape Breton South): I should like to direct a question to the Minister of Trade and Commerce. In the interests of balancing trade and improving the employment picture will the minister take steps to assure that the P. and B.M. branch of public works will buy Canadian products rather than products manufactured in whole or in part outside of Canada?

[*Later:*]

Mr. MacInnis: I wish to direct a question to the Minister of Labour. In the interest of improving the employment picture, will the minister take steps to assure that the P. and B.M. branch of the Department of Public Works will buy their purchases from materials manufactured in Canada rather than materials manufactured, in part or in whole, outside this country?

Hon. A. J. MacEachen (Minister of Labour): Surely the purchasing policy of the Department of Public Works is a matter for that department. I am sure the minister is conscious of the employment effects of any of his activities in that department.

BROADCASTING

MONTREAL—REPORTED INVITATION TO FRANCE TO ESTABLISH STATION

On the orders of the day:

Mr. D. M. Fisher (Port Arthur): I should like to direct a question to the Secretary of State for External Affairs. It stems from the public invitation issued last week by Mayor Jean Drapeau to the Republic of France to establish a television and radio station in Montreal. I should like to ask the minister whether Mayor Drapeau has asked the minister to act as his city's agent in connection with this very interesting proposition?

Hon. Paul Martin (Secretary of State for External Affairs): No, sir.

WAYS AND MEANS

The house in committee of ways and means, Mr. Lamoureux in the chair.

CUSTOMS TARIFF

That schedule A to the Customs Tariff be amended by striking out tariff items 24, 25, 179, 187c, 409f, 438h (1), 521 (1), 521 (3) (a), 521 (3) (b), 522 (6), 532g, 533, 536, 537, 537a, 537b, 537c, 537d, 537e, 538a, 538d, 538i (1), 538i (2), 540 (a), 540 (b), 540 (c), 540 (d), 541, 541a, 541b, 541c, 541d, 542, 542a, 543, 546, 546a, 547a, 548, 548a, 548c, 549c, 549d, 549e, 549f, 569, 569a (1), 569a (2), 569a (3), 569a (4), 569a (5), 569a (6), 569b, 569c (1), 569c (2), 569d (1),

569d (2), 572a, 610, 798, 812, 812a and 812b, and the enumerations of goods and the rates of duty set opposite each of these items, and by inserting therein the following items, enumerations of goods and rates of duty:

The Chairman: Shall the resolution carry?

Mr. Nowlan: No, I do not suppose it will carry at this time. I assume the minister would like to make a statement in respect of this matter before we engage in questioning and further discussion.

Mr. Gordon: Mr. Chairman, hon. members will recall that there are six separate resolutions on the Customs Act. The first two resolutions relating to that act embody changes in tariff rates and the wording recommended by the tariff board in its last three reports under reference No. 125. In this reference the tariff board was asked to review all the items in the Canadian tariff covering textiles and to recommend a new tariff structure. The final reports, which are now being acted upon, are those covering miscellaneous textiles of jute, hemp, flax and rough fibres, and coated or impregnated fibres, hats, caps and related products. In addition to the changes in tariff and drawback items recommended by the board in the three reports to which I have referred, the resolution contains technical revisions relating to textiles woven of cotton yarns.

Negotiations and consultations relating to the tariff changes proposed in these resolutions were necessary because many of the items in question were bound under the general agreement on tariffs and trade. These negotiations have been completed with all the other countries concerned, specifically with the United States, the United Kingdom, the European economic community, Austria, Yugoslavia, Haiti, India and Japan. The other countries concerned recognized that while certain tariff increases would result from the adoption of the new textile schedule recommended by the board, they would be offset by approximately equally important decreases. As a consequence it was only in respect of rather specific problems relating to Canadian trade with particular countries that Canada was obliged to go outside the textile schedule to find additional compensation.

Hon. members will note that the resolutions contain proposals for reductions of duties on chicory, photographic dry plates, motor scooters, aluminum sluice type irrigation devices, hay stack forms and orchard heaters. These reductions comprise an integral part of the negotiated package. I should add that in this negotiated package a few departures were made from the recommendations made by the board.

Mr. Grafftey: Mr. Chairman, could we have some guidance here relating to procedure? Will we proceed item by item, or will we make general remarks on each resolution before we come to the specific items?

Mr. Gordon: I would think item by item might be the best way, if that is agreeable to hon. members.

The Chairman: Is that agreed?

Some hon. Members: Agreed.

Customs tariff—24. Chicory, raw or green; British preferential tariff, free; most favoured nation tariff, free; general tariff, 3 cents.

Mr. Grafftey: While I could not relate this general question to any of the specific items in the first resolution, I was wondering if the minister could inform us whether there are any net changes in the tariff results. As he just stated, there will be raises in the textile ranges and some lowering. Is there any net change involved, and what would the net amount be?

Mr. Gordon: By and large it is a balanced package that was renegotiated. I think perhaps the textile industry as a whole may have gained slightly, but not materially.

Mr. Grafftey: In the negotiated package were the compensatory items negotiated with the negotiated package? This was after the third report had come in. Am I right?

Mr. Gordon: Yes.

The Chairman: Is consideration of item 24 completed?

Some hon. Members: Carried.

Item agreed to.

Customs tariff—25. Chicory, kiln dried, roasted or ground ... per pound: British preferential tariff, 2 cents; most favoured nation tariff, 2 cents; general tariff, 5 cents.

Mr. Nesbitt: As to these items on chicory, can the minister tell us where we import most of the chicory from?

Mr. Gordon: Quite a number of countries, including the countries that comprise the European common market. France is an important exporter.

Mr. Grafftey: The minister stated that most of the items outside textiles were on the recommendation of the tariff board. Was this particular item on the recommendation of the tariff board?

Mr. Gordon: No, Mr. Chairman, this was part of the package that was negotiated. The tariff board did not do the negotiating, of course.

Mr. Grafftey: As I understand it, some of the items are non-textile items and the minister said in his statement that some of the

non-textile items were recommended by tariff board and others were not.

Mr. Gordon: None of them were recommended by the tariff board.

Mr. Nesbitt: Perhaps the minister could tell us whether any chicory is produced in Canada?

Mr. Gordon: No, Mr. Chairman.

Mr. Thomas: As I understand it, when these negotiations take place and a concession is granted in our tariff rates, we receive some other concession return. Can the minister tell us what concession was received in return for this, or is that possible?

Mr. Gordon: There are a lot of textile items, and taking in these non-textile items as well, on balance those officials who were conducting the negotiations were satisfied that what we gave was offset by what we received.

Mr. Thomas: Is there any way of segregating these various items? Is it possible to know what concession was granted in return for this concession on chicory?

Mr. Gordon: There is no way to deal with it on an item by item basis. If you look at all these changes in toto you will see most of them have to do with textile items, and those that do not are relatively few in number and were mentioned in my opening statement. There is chicory, photographic dry plates, motor scooters, aluminum sluice gate irrigation devices and so on, but not very many of them.

The Chairman: Is consideration of item 25 completed?

Mr. Barnett: Actually the point I want to raise, relates to an item which comes after item 25 and is part of the next number on the list, but I thought this might be the appropriate point at which to raise the question. The minister may recall that when we had the budget resolutions under consideration last session some questions were raised concerning the duty on imported fish food for trout farms. In fact I shall refer to the question I asked last session. It had been pointed out that trout coming into the country under item 133A come in without duty whereas this feed, which it was claimed could not be produced in Canada, had a 20 per cent duty applied to it. I understand there was also a question related to the excise tax. I notice in item 7 in the excise tax resolution a reference to feed for trout, in which I gather the tax is to be lifted. What consideration did the minister give to the question of the customs tariff on trout feed?

Mr. Gordon: I think it is in resolution No. 4, the first item, that my hon. friend will find the matter he has referred to has been taken care of.

Mr. Barnett: I had looked through the various items and I had an impression earlier that it was here, and I decided I was wrong in my earlier impression.

Mr. Gordon: Anybody can be confused by these particular schedules and is entitled to be. They are voluminous, numerous and complex, but this particular one has been looked after.

Mr. Barnett: I see it now.

Item agreed to.

Customs tariff—179. Labels for cigar boxes, fruits, vegetables, meats, fish, confectionery or other goods or wares; shipping, price or other tags, tickets or labels, and railroad or other tickets, whether lithographed or printed, or partly printed, n.o.p.; *the foregoing not including labels of textile fibres or filaments*: British preferential tariff, 17½ per cent; most favoured nation tariff, 22½ per cent; general tariff, 35 per cent.

Tickets issued by railway systems in the British commonwealth (not including railway systems operating in Canada), shall be exempt from customs duty, when produced in countries entitled to the benefits of the British preferential tariff.

(Translation):

Mr. Pigeon: Mr. Chairman, I should like to point out to the minister the clause concerning labels for cigar boxes. Will the minister give the house the assurance that this provision will not affect the consumption of tobacco which, unfortunately, is decreasing in Canada, especially that of cigar tobacco produced in the Joliette area.

There is overproduction at the present time and farmers belonging to tobacco co-operatives are compelled to fix voluntary quotas. I sincerely hope that this provision will do no harm to the consumption of cigar tobacco. Incidentally, when the Minister of National Health and Welfare (Miss LaMarsh) declared that she was quitting smoking, she contributed directly to the decrease in the sales of Canadian cigarette tobacco.

On this point, would the minister assure the house that this provision will do no harm at all to tobacco consumption?

(Text):

Mr. Gordon: Mr. Chairman, I am happy to reassure my hon. friend on this subject. This will not affect cigar labels or the smoking of cigars at all. The only change to item 179 is the addition of the words in italics.

Mr. Grafftey: Then I would ask the minister whether I am correct in assuming that this is possibly a clarification item consequential of the report; that it was not because of the package deal itself, as a compensation item?

Mr. Gordon: That is correct, Mr. Chairman.

Mr. Grafftey: Then, Mr. Chairman, could some aspect of the clarification be explained in some detail.

Mr. Gordon: If the committee will bear with me, Mr. Chairman, I will read this explanation. This item provides for labels other than labels of textile material at British preference 17½ per cent and most favoured nation 22½ per cent. The only change is in the addition of the words in italics. Their effect is to specifically exclude labels of textile fibres or filaments. In an earlier report relating to narrow fabrics the tariff board clearly expressed its intention that labels of textile fibres should continue to be classified according to material under the appropriate textile tariff item. This amendment of item 179 is proposed so as to ensure that there is no conflict between it and the textile schedule, and that the intent of the tariff board is not frustrated.

(Translation):

Mr. Gregoire: Mr. Chairman, I should like to ask a question concerning the following item:

Railroad or other tickets, whether lithographed or printed, or partly printed—

Can the hon. minister tell the house what Canadian railways import their tickets? Is the C.N.R. one of those companies importing tickets printed outside this country?

(Text):

Mr. Gordon: I should explain, Mr. Chairman, that there is no change at all in this section. The section provides certain protection for those people who print their tickets in Canada for the existing railroads, and the intention is that this protection should be retained.

Mr. Gregoire: I can see there is no change, as the minister pointed out a little earlier. But I would like to know this. We have here an item concerning the importation of printed railway tickets, and I would like to know whether there are some companies in fact which are importing their printed tickets, and whether the C.N.R. is one such company.

Mr. Gordon: I am very sorry, Mr. Chairman, but I do not know the answer to that question. I have consulted my officials, and they do not know it either. I will be glad, if the hon. member would like me to do so, to contact the two principal railroads and find out whether they do import any tickets.

Mr. Gregoire: Mr. Chairman, I think the minister should not only find that out but should also see that these companies, especially the C.N.R., if they import their railroad tickets should instead have them printed in Canada. I think we have good enough printing facilities in Canada to have the printing of these tickets carried out here. I suppose there might be some companies which import them, because the item is there in our law; it is not there for nothing. I would like the minister to make inquiries in this respect.

Mr. Gordon: Mr. Chairman, I share the hon. member's point of view in this matter. I would point out to him that the rate of duty is relatively high; it is intended, of course, to protect the people who print tickets here. But I will find out and let him know.

Mr. Valade: On the same line of questioning, Mr. Chairman, I wonder why the minister included this provision in these resolutions, if he does not know whether the printing of tickets is helping Canadian firms. I wonder why this provision is included if he does not know whether it is going to serve any purpose.

Mr. Gordon: As I explained a moment ago, Mr. Chairman, the only change in this item is the addition of the words in italics. This particular item has been in the tariff for I do not know how long, and it provides protection for those printers who are in the business of producing tickets amongst other things.

Item agreed to.

Customs tariff—187c. Photographic dry plates: British preferential tariff, 7½ per cent; most favoured nation tariff, 12½ per cent; general tariff 30 per cent.

Mr. Grafftey: Mr. Chairman, could the minister inform the committee why photographic dry plates as such are separated from other photographic materials? Does this relate to some aspect of the made in Canada provisions?

Mr. Gordon: I understand that these are rather specialized dry plates and they are not made in Canada.

Mr. Winkler: Mr. Chairman, is this the type of plate that is used by manufacturing firms for making specialized types of catalogues which are not available in Canada? Is the purpose to encourage the manufacture of these plates in Canada; is that part of the principle involved?

Mr. Gordon: Mr. Chairman, the short answer to that question is no. This represents a reduction in duty. It was part of the negotiated package. The Canadian producers were consulted about this and raised no objection.

Mr. Scott: I wonder, Mr. Chairman, whether the minister could give us any idea as to the volume of imports that takes place in regard to this commodity.

Mr. Gordon: Last year the amount was $150,000.

Mr. Scott: Does the minister not consider it might be appropriate to attempt the production of such a volume here in Canada?

Mr. Gordon: I suppose it depends upon the individual producer and whether the market in Canada is sufficient to justify going into production of these specialized plates.

Mr. Winkler: Mr. Chairman, am I correct in my assumption that the purpose of this provision and where the application is being considered is in the area where these plates are produced and then returned in the course of an involved production system, rather than for resale?

Mr. Gordon: The answer is no, Mr. Chairman.

Mr. Grafftey: Mr. Chairman, has the industry involved indicated at all whether they are prepared in the near future to produce these items in Canada?

Mr. Gordon: Mr. Chairman, the industry in question raised no objection to the tariff reduction, but they also gave no indication as to whether they proposed to go in for the production of this particular kind of plate themselves.

Mr. Scott: Mr. Chairman, perhaps the minister would draw this to the attention of the new department of industry.

Mr. Gordon: I will be very glad to do that, Mr. Chairman.

Item agreed to.

Customs tariff—312d. Woven fabrics, wholly or in part of asbestos, for use in the manufacture of clutch facings and brake linings; British preferential tariff, 12½ per cent; most favoured nation tariff, 12½ per cent; general tariff, 30 per cent.

Mr. Gregoire: I should like to ask the Minister of Finance if he is aware of the amount of asbestos imported each year into Canada. We all know that we are the biggest producer of asbestos in the world, producing I think 85 per cent of the total. If there is an item here dealing with asbestos it means we are importing it, and I should like to know how much we import.

Mr. Gordon: There are no statistics which would give this information, but I would be very pleased to see whether we could find an approximation which would satisfy the hon. gentleman's very understandable curiosity in this matter, particularly as we are such a large producer of asbestos.

Mr. Grafftey: Mr. Chairman, I was wondering if the minister could give me some clarification on this point. Perhaps I should know it, but if I am clear on the item perhaps it will be helpful when future items are discussed. I notice that there has been no change in the British preferential, the most favoured nation or the general tariff rates as between what they are now and the rates in effect prior to the rates proposed in the budget. I also notice that there is nothing in italics indicating that there has been a change in reclassification.

Mr. Gordon: This is strictly a renumbering operation. This item replaces without change in wording or rates of duty former ex-item 542. The tariff board did not make any recommendation regarding ex-item 542 as it was not included in reference 125. The item has been renumbered with a view to moving it to the appropriate section of the tariff relating to fibres and fabrics of asbestos.

Mr. Pugh: There has been no change?

Mr. Gordon: There has been no change.

Mr. Grafftey: I understood that resolution No. 3 was devoted entirely to the renumbering of items in consequence of various changes. Why would this renumbering operation take place at this stage?

Mr. Gordon: I think that is a very natural question. It is included here because it was a bound item under GATT and was renegotiated as part of the package.

Mr. Horner (Acadia): Mr. Chairman, as I understand it this item deals with woven fabrics wholly or in part of asbestos for use in clutch facings and brake linings. Canada imports a great deal of clutch facings and brake linings. Are there any factories or manufacturing plants in Canada which go into the process of weaving asbestos fibre for brake linings and clutch facings?

Mr. Gordon: Yes, there are, but this does not change their position, of course.

Mr. Horner (Acadia): No, I realize that.

Mr. Valade: Mr. Chairman, I should like to ask whether representations were made to the minister prior to the budget to protect in a more practical way the automobile parts industry in Canada.

Mr. Gordon: Many representations were received from the automobile parts manufacturers, but not relating to this particular item.

Item agreed to.

Customs tariff—409f. *Aluminum sluice-type devices for controlling water in irrigation ditches;* animal clippers; automatic stock watering devices; barn hay forks, carriage, pulleys and track; barn litter carriers and track; combination excavating and transporting scraper units; egg cooling cabinets; elevators (other than storage elevators); grain crushers; grain or hay dryers; grain or hay grinders; grain loaders; gravity discharge farm wagon boxes; *hay stack forms; heaters for orchards;*

hitches and couplings; hydraulic hoists for unloading vehicles; land levellers; machines and tools for use on tractors, including blades, loaders, rippers, rakes and related operating and controlling gear; milk coolers; sodium metabisulphite; sprinkler irrigation systems; steel stanchions for confining livestock either in pens or individually, and complete equipment for milking parlours; all the foregoing for use on the farm for farm purposes only; brooders; ensilage cutters; fodder or feed cutters; hay loaders; hay tedders; post hole diggers; potato diggers; potato planters; snaths; stumping machines; all other agricultural implements or agricultural machinery, n.o.p.; parts of all the foregoing; British preferential tariff, free; most favoured nation tariff, free; general tariff, free.

(Translation):

Mr. Pigeon: Mr. Chairman, I should like to direct a question to the minister with regard to this item. Does it include the irrigation systems, which are very important especially for tobacco growers. If not, I should like to know the reason why.

(Text):

Mr. Gordon: Yes, it could, Mr. Chairman.

Mr. Nesbitt: Mr. Chairman, there were one or two things I should like clarified, and then I wish to make some remarks on this item. First of all it is my understanding that in these schedules the words in italics are the new additions. In item 409f there is an item dealing with steel stanchions for confining livestock either in pens or individually. Is this not a new item? If it is not, could the minister tell me when it was added to this list of quasi-agricultural machinery?

Mr. Gordon: It is not a new item, and was added three or four years ago, but I cannot give the exact date.

Mr. Nesbitt: I realize that this particular item is often used in conjunction with another item in the Customs Tariff Act. I have forgotten the number but I am sure the minister's officials will know. I understand that over the years the department have developed a ruling of their own with respect to how the word "machinery" should be interpreted. As I recall from conversations with the officials in the past, the word "machinery" is interpreted as having moveable parts. A great many pieces of equipment used for agricultural purposes do not come under this technical interpretation of the word "machinery", and this causes a great deal of inconvenience and over the years has caused a lot of expense and trouble to people in the farm equipment and machinery business, whether retail or wholesale, and I expect at the manufacturing level in some cases.

I was wondering, Mr. Chairman, whether the minister and his officials might give consideration to having that other section redrafted in such a way that this problem would not arise in the future. The problem specifically is that you get some new invention used on the farm which, in the layman's term, is clearly farm machinery yet does not come under the technical term decided upon by the department in interpreting the word "machinery". The result is that the only way the matter can be cleared for non-payment of duty is to get it specifically listed.

There is a long list in front of us now, and there are no doubt more additions and I suppose more will be added over the years. But this could be avoided and much inconvenience avoided as well in the future if the other section which worked in conjunction with this one could be reworded in such a way that the words "agricultural machinery, equipment and the like used on the farm for farming purposes", was used instead of the very narrow term "machinery" which is used at the moment, which necessitates these long lists of specific items being included every time there is a budget. I wonder whether the minister has any observations on that.

Mr. Gordon: Would my hon. friend think it reasonable for me to suggest to the officials concerned that we do take this matter under consideration, and if his suggestion can be implemented that we do it at a later time? The officials are fairly busy at the moment and they tell me there are some considerations which should be carefully looked at before we make the change suggested.

Mr. Pugh: If I could just follow that point up, over the years certain items which have been brought across the border, and on which we paid duty, have gradually been added to the list. I see heaters are listed. I believe last year stack heaters were excluded. What the farmer is faced with is the fact that when these pieces of equipment come in he suddenly finds he has to pay duty. This he cannot understand. Therefore if I might lend weight to what the hon. member for Oxford has said, I think there should be an early review of the question with the idea of bringing in some form of farm equipment section which will cover all farm equipment, provided that the equipment is used only as farm equipment.

Mr. Danforth: May I add my observations to those of the hon. member who has just spoken. We have from time to time experienced difficulty with regard to this interpretation of what is and what is not equipment used exclusively for agricultural purposes. May I request of the minister that when this whole matter is in contemplation officials from the Department of Agriculture be asked to consult with the minister and his

associates so we might have a clear interpretation of what is meant by equipment used for agricultural purposes. Various hon. members do refer items to the department from time to time for a ruling, and we sometimes find that in the case of implements which are used almost exclusively on farms, farmers have to pay duty because they are not classified as such.

Mr. Gordon: I think that is a good suggestion and I shall be glad to follow it up.

Mr. Nesbitt: On that same point, as an example of what my hon. friend undoubtedly has in mind, I recall that there is some equipment imported into this country, known as a cow trainer. I think the ruling of the department was that because this equipment did not have any wheels under it, it was not machinery. In fact the apparatus was suspended from the roof of the barn or wherever it was used, and duty had to be paid on it.

Mr. Hales: I wonder if we might have further clarification of item 409f which says—"tariffs on all the foregoing, free". Then underneath it says 15 per cent, 22½ per cent and 30 per cent. What does that mean?

Mr. Gordon: The rates to which the hon. member referred were the rates applied to the items listed in italics prior to the introduction of the budget. They are all free now.

Mr. Hales: Do I take it that there is a duty of 22½ per cent on milk coolers imported into Canada from the United States?

Mr. Gordon: No. On the previous page the hon. member will see that some items are in italics; for example, hay stack forms. They would previously have been subject to duty at the rate of 22½ per cent, but all these items now are free.

Mr. Horner (Acadia): If I may say a word on the same lines as the observations presented to the committee by the hon. member for Oxford with regard to the definition of machinery, I think I can give the minister a perfect example of an item which is certainly used on farms, though it is true it does not contain any movable parts. I am thinking of fence staves. A few years ago there was a demand for these staves particularly from the short grass country of southern Alberta where fence posts are hard to come by. A firm in Montana, I believe, put out a mobile stave, the idea being that farmers could put their fence posts further apart if they used these metal rods in between. A number of ranchers thought they would like to give them a trial, but when they tried to import them they were told they would be subject to a 22 per cent tariff. It seems to me that this is a perfect example of a product intended for agricultural use which is not a machine.

[Mr. Danforth.]

Mr. Gordon: I am informed the department has never had any representations on this subject, but I think the hon. member has made an excellent one and we will give it careful consideration before the next budget.

Mr. Korchinski: I take it these are the three items which had tariffs applied to them previously and all the others were not subject to tariffs. I do not wish anyone to have the impression that all these items have been added to the schedule. Only the ones in italics are those with respect to which tariffs have been reduced.

Mr. Gordon: That is correct.

Mr. Horner (Acadia): Still on the subject about which I was speaking a few minutes ago, may I draw the attention of the minister to the fact there has lately been an increasing demand for portable livestock scales. Farmers and ranchers who are conducting rate of gain tests need these portable scales, and I see they are not included under this item 409. Farmers are faced with the payment of duty if they wish to buy them.

Mr. Gordon: The hon. member has made another representation which I am glad to receive, but in this instance it is not an original representation. The department has had representations on this point before. These scales are manufactured in Canada; that is why they have not been put on the free list.

Mr. Horner (Acadia): On the same general subject, may I refer to the plastic tags used for the numbering of cattle. Many breeders have, over the years, bought large numbers of plastic tags which they fasten to the ears of their animals. These tags, too, are subject to duty. Has consideration been given to exempting them?

Mr. Gordon: I understand that the previous government did give consideration to that suggestion and it was turned down. If the hon. member would like to connect all these things together and make a new representation at any time we shall be glad to take it under consideration.

Mr. Olson: I should like to refer to one or two items which I think should be included in this category but which are not. I am rather reluctant to take the time of the committee with regard to the first of these because it is a somewhat small item. I should like the minister to know that I have written to him and to his predecessor with respect to it. Each time I write to the department I promptly receive a polite letter saying my representations will be taken into consideration. Nevertheless they are not successful in the sense that the items are included in these lists.

I wish to refer now to the rockets which are used experimentally to carry silver iodide crystals up into the clouds to induce rain. We acknowledge that these devices are still in the experimental stage, but many farmers in the dry part of Canada are convinced that they do produce results in increasing precipitation when atmospheric conditions are suitable. Some consideration should be given regarding them as devices for agricultural use. They have been imported under tariff item 655, which requires payment of duty at the rate of 22½ per cent plus a sales tax of nearly as much in addition.

I assure the minister that these rockets certainly come within the ambit of the definition as movable machines. As I said, they are now classified as torpedoes, firecrackers or fireworks, though they have absolutely no recreational or display value. The loss in revenue to the government if this duty on rockets were abolished would be very small, and the farmers who use them would be assisted in carrying out experiments which might bring beneficial results to those who farm these dry areas of Canada. Thus it is reasonable to ask that consideration should be given to including these rockets in the item before us so they could enter the country free of duty. I say this because these rockets are certainly for agricultural use and are used for experimenting.

Mr. Gordon: I think that is a good suggestion. My officials suggest that the matter has been under consideration and that some problems have been encountered. The proposal has not been rejected, and I can assure my hon. friend I will look into it before the next revision comes around.

Mr. Horner (Acadia): Could the minister give us some idea as to the amount of aluminum sluice-type devices which are being used in irrigation works throughout the country?

Mr. Gordon: I am sorry, Mr. Chairman, but the imports under this item are not recorded separately.

Mr. Stenson: Mr. Chairman, I am still not straight on this 15 per cent, 22½ per cent and 30 per cent. Is this the tariff that was on some of these things and which has been removed?

Mr. Gordon: It was the tariff that was on the items that are shown in italics, and it has been removed.

Mr. Stenson: Does that mean milk coolers?

Mr. Gordon: No, they were always free, or at least they were free prior to this.

Mr. Pugh: I should like to ask the minister if there is any protection at all for Canadian manufacturers. For instance, in the case of heaters for orchards, stack heaters are produced in the United States and not in Canada. There is no comparable item made in Canada, and I can understand the tariff being removed. However, sprinkler irrigation systems are produced in Canada and also in the United States. Is there no protection at all for the Canadian manufacturer?

Mr. Gordon: Mr. Chairman, these items can come in duty free, so there is no protection for the domestic manufacturer.

Mr. Pugh: Have any representations been received with regard to sprinkler equipment?

Mr. Gordon: There have not been any recent representations, that is within the last three or four months, but I understand there were some before that.

Mr. Horner (Acadia): I have a question I should like to have cleared up with regard to gravity discharge farm wagon boxes. Would this include steel boxes?

Mr. Gordon: Yes, they are included.

Mr. Horner (Acadia): It includes steel boxes to be used on farms? Further down there is reference to hydraulic hoists for unloading vehicles. I would assume, then, that one could import a steel box with a hydraulic hoist on it for farm use only duty free.

Mr. Gordon: I was just about to say yes, but I think to be safe the prospective importer should get a ruling from the Department of National Revenue before he actually imports it.

Mr. Horner (Acadia): Can the Minister of National Revenue add anything or would he prefer to check with the officials?

Mr. Garland: I think it will be understood that I would prefer to check with the officials.

Mr. Horner (Acadia): I have a further question with regard to farm wagon boxes. This item covers gravity discharge farm wagon boxes. I am thinking of potato boxes which are specially built steel boxes with a special means of unloading them. Would they come in duty free? They are used on potato farms.

Mr. Gordon: I think the safe thing again would be to get a ruling from the department. I cannot answer that.

Mr. Horner (Acadia): I notice that further down there is reference to potato diggers and potato planters, and that they come in duty free. Would the department care to consider the problem with regard to packing machines for potatoes? Would they also come in duty free?

Mr. Gordon: I am not in a position to give an answer.

Mr. Horner (Acadia): Would the minister look into the matter?

Mr. Gordon: I will be glad to look into it. I think I should perhaps add that, as hon. members know, these are highly technical questions and it would probably be unwise for a minister to attempt to answer them specifically or definitely. I think the best course would be to get a ruling from the Department of National Revenue. If the ruling does not suit the hon. member I am sure he will make representations to the Department of Finance before the next budget comes round.

Mr. Danforth: Mr. Chairman, my question has to do with the very point the minister has just raised, the interpretation of the department with regard to grain or hay dryers. If a grain dryer of a mechanical nature is brought in with the tank or storage chamber included the storage chamber comes in duty free. On the other hand, if a storage chamber is brought in for the purpose of curing grain by air it is subject to tariff. Could this matter be clarified? Certainly grain is dried by air as well as by machine, and I fail to see why the storage chamber must be subject to duty if not combined with a mechanical dryer.

Mr. Gordon: I would be glad to give consideration to this matter, but I think the answer I gave to the previous speaker probably applies in this case as well.

Mr. Grafftey: Mr. Chairman, it is not my intention to be redundant, but for the sake of clarification am I correct in understanding that resolution No. 1 involves textile items entirely with the exception of the clarifying item, No. 179? Am I right in saying that all other items in resolution No. 1 come under the package deal as compensating items?

Mr. Gordon: Yes, the hon. member is correct.

Mr. Grafftey: I was examining the Customs Tariff resolutions that we did not pass in the last parliament, and I notice that the majority of those items are contained in resolution No. 4 which we will be discussing in a few minutes. Item 409f, which was in the resolutions last year, is now included in resolution No. 1 simply because of three minor changes contained therein.

Mr. Gordon: It is just a way of collecting them under these different headings.

Mr. Monteith: I notice that the second last item is "all other agricultural implements or agricultural machinery, n.o.p.". I wonder whether the minister can indicate how wide the scope is that the officials have in judging just what comes under this item.

Mr. Gordon: Very wide indeed.

Mr. Monteith: But still not wide enough to cover the items that various members have mentioned today?

Mr. Gordon: No.

Mr. Grafftey: I should like to bring something to the attention of the committee under this item, and rightfully so, because a few minutes ago the minister suggested that before going ahead prospective buyers should get a ruling from the Department of National Revenue. Very briefly I should like to bring to the attention of the committee the problem of many small eastern farmers who buy tractors. I am sure many of the officials in the department will admit that the interpretation of the words "for agricultural use" has become—

Mr. Gordon: May I remind the hon. member that all tractors are duty free.

Mr. Grafftey: Yes, if they are for agricultural purposes. That is the problem.

Mr. Gordon: For any use.

Mr. Grafftey: I would assume then that the problem arises in connection with the excise tax. I know I am perhaps a little off the subject—

Mr. Gordon: I am informed that the problem does relate to the excise tax.

Mr. Grafftey: The problem arises solely with relation to the excise tax.

Mr. Pascoe: This question may have been asked earlier in the discussion, and if so I apologize. There is a long list of articles for agricultural purposes that enter duty free. Do our manufacturers have the same freedom in the United States? Do implements manufactured in Canada enter the United States duty free?

Mr. Gordon: In general, yes, Mr. Chairman, but there may be individual items to which that generality does not apply.

Mr. Enns: Mr. Chairman, in so far as the tax on machinery is concerned, are manufacturers who are reusing these products or building these products in Canada exempt from the machinery tax? I am thinking of an industry in Peterborough which manufactures milk coolers. Will they be exempt from this machinery tax?

Mr. Gordon: I am not sure that this is the place to deal with that, but if it is for farming I think it will be exempt.

Item agreed to.

Items 438h, 521, 532g, 541a, 541b agreed to.

Customs tariff—542a. Woven fabrics, wholly or in part of vegetable fibres, and all such fabrics with

cut pile, n.o.p., not containing silk, wool or hair, man-made fibres or filaments nor glass fibres or filaments: British preferential tariff, 17½ per cent; most favoured nation tariff, 22½ per cent; general tariff, 30 per cent.

Mr. Grafftey: Mr. Chairman, in a committee session of this sort I dislike having to ask the same question twice. I hope this question has not been answered before, but we are covering a lot of details in rather speedy fashion. I hope if this question has been answered the minister will forgive me for asking it again. We are now on a tariff item. I can assume that all the tariff items were recommended by the tariff board?

Mr. Gordon: All these particular ones, but as I explained in my opening statement this does not apply to every single item in all these five resolutions.

Mr. Grafftey: No; this particular resolution?

Mr. Gordon: Except where there is an item negotiated as part of the package under GATT.

Mr. Nesbitt: There is one point here I should like to have clarified. I note that under item 542a there appears to be, at first sight, an increase in the most favoured nation tariff from 20 per cent to 22½ per cent. Then I note that in the rate in effect prior to the proposed rate there is 20 per cent most favoured nation and 25 per cent most favoured nation. I was wondering if the minister could clarify exactly what are the implications of this.

Mr. Gordon: This is a consolidation which includes a number of items that are now all included at a single rate of 22½ per cent. Prior to the consolidation I think some were at 20 per cent, some were at 25 per cent and other amounts.

Mr. Nesbitt: Is there a net gain or is the position the same?

Mr. Gordon: It would be about the same, but it was part of this negotiated package.

Item agreed to.

Items 542b, 542c, 543a, 543b, 543c, 543d and 559g agreed to.

Customs tariff—567. Sails for boats and ships: *textile fabrics, in the web or with fused edges, for use in the manufacture of such sails;* British preferential tariff, 15 per cent; most favoured nation tariff, 22½ per cent; general tariff, 25 per cent.

Mr. Crouse: In Nova Scotia, and I suppose in the other Atlantic provinces, there are a large number of small yacht builders and sail manufacturers who must compete with United States manufacturers of sails. This item, I believe, should apply to sails for boats and ships, because the continued imposition of this tariff on sail cloth creates considerable hardship on these small industries. It puts these small sail manufacturers in a non-competitive position with their United States counterparts. While I realize there has been no change, I believe if the cloth itself were removed from this tariff it would assist in creating more employment because more of the sails used by yachts and other ships would be manufactured right in the Atlantic provinces. I should like to bring this point to the attention of the minister.

Mr. Gordon: Mr. Chairman, the point is a good one. As the hon. member knows, certain tariff items are reduced by order in council for a limited period of time. This provides an opportunity for the industry to review the situation. In this particular case, this tariff item was reduced from July 1, 1963 for one year to a free rate under the British preferential tariff, 7½ per cent under the most favoured nation tariff and 15 per cent under the general tariff. This will provide the industry with an opportunity to see how the situation works out, and the matter will be reviewed a year from now.

Mr. Grafftey: Perhaps this is a good time to ask a general question for the purpose of clarification. When the officials sought compensatory items for this package deal, what principles were involved apart from the notion of class or kind made in Canada? I am sure that things were not just pulled out of the hat in an ad hoc fashion. I hope I am not asking for anything that would prejudice negotiating procedures, but in the light of common sense could any principle be outlined at this stage of the committee hearing?

Mr. Crouse: Before the minister answers that, may I say that I perhaps misunderstood him. The copy of the tariff I have shows the British preferential tariff at 15 per cent and the most favoured nation tariff at 22½ per cent. Did the minister say it had been reduced to 7½ per cent? Would he clarify his statement, please?

Mr. Gordon: This is the regulation tariff, and this was reduced by order in council for one year. The normal tariff will then come into effect again a year from now, unless the exemption or reduction is renewed once more.

In reply to the other question, I do not know what principles really apply to bargaining except that you try to get the best deal you can. I think the officials who were responsible for these negotiations had in mind making concessions on what are called non-sensitive items, that probably would be looked upon favorably by the receiving parties to the bargain, and that would do as little damage as possible, or preferably no damage at all to Canadian industry. It was a negotiation and a bargain. Those would be the general approaches, but in the end they have to balance

up what we gained with what we gave; and that, in the end, is what was done.

Mr. Grafftey: I wish to offer a word of congratulations because it does seem to be a happy consequence when reductions of agricultural items are done in conjunction with textiles. This seems to produce an all round result that gives much heart to many people in many sectors of the economy.

Mr. Gordon: I would be very glad to accept those kind words on behalf of the officials who did the negotiating, which was some months ago.

Mr. Greene: Could the minister inform us where we could determine what concomitant reductions in tariff had been made by other members of GATT to compensate for these reductions made here in our tariffs? In other words, how are we to determine whether our bargainers were capable and did a good job for our manufacturers unless we have both sets of figures?

Mr. Gordon: All I can say in answer to that is that when these tariff board reports were received there were certain changes that we wanted and we went out to get them. We had to make some concessions in order to get what we wanted in return. There is no exact balance that I can produce to show exactly what we received and exactly what we gained. It is a very detailed operation, and I am not sure how you can check up on this particular negotiation.

Mr. Stenson: In sail cloth there has been a reduction across the board of 7½ per cent. Are there any other items to be approved that have been reduced in the same way as sail cloth, and which do not show in this book?

Mr. Gordon: No, I am informed that is the only one.

Mr. Otto: Getting back to sail cloth, an industry with which I have been made acquainted whether I liked it or not, it is a very promising industry in Toronto. Am I to understand that sail cloth not made in Canada has been reduced to 7½ per cent tariff or has been reduced by 7 per cent?

Mr. Gordon: It is 7½ per cent most favoured nation tariff for one year, by order in council.

Mr. Otto: I take it this is for sail cloth of a type and nature not made in Canada.

Mr. Gordon: Yes, that is right.

Mr. Grafftey: Mr. Chairman, I have no intention of speaking out of order, but it has occurred to me that before we came to consideration of these items we passed and discussed two very important measures relating to a department of industry and an economic council. We have had many discussions in the house about secondary manufacturing in Canada, and there is a large body of opinion which feels that very often we are not manufacturing the goods that possibly we could manufacture. I am sure it would be a good thing for the department involved here to catalogue in some way a list of goods that are not of a class or kind produced in Canada, so that this could be passed on to the new department of industry.

I am sure this has been thought of prior to my advancing it. It would be a useful item for the department of industry to have such a catalogue and I believe it is self-evident that the officials here would have that list and could make it readily available to the new department for more profound study. Perhaps the officials could indicate whether this has been considered, and whether my suggestion has any merit.

Mr. Gordon: I think the suggestion has merit and I shall be glad to convey it to the minister of industry and commerce and suggest to him that he follow it up.

Mr. Monteith: Earlier the hon. member for Renfrew South asked how we might be acquainted with compensatory reductions in certain cases by other countries. Is there no method whatsoever by which the House of Commons is made aware of the reductions made by other countries in return for the reductions we make? It occurs to me that there should be some method by which we could examine the one against the other.

Mr. Gordon: As the hon. member probably remembers, when there is a major negotiation of tariff items it is customary to table a statement in the house showing in detail what was gained and what was given up. It has not been the practice to do that on these relatively minor renegotiations. As I said earlier, we were the suppliants in this case. We wanted certain things and we succeeded in getting them. In return we made some concessions, and by and large I think it is probably fair to say they were not very costly so far as Canada is concerned.

Mr. Monteith: I am not disputing that at all but I feel that both sides should be given to us in some form, in the minor negotiations as well as in the major ones.

Mr. Horner (Acadia): The minister said two or three times that we wanted certain things and we got them. Could he enlighten us by telling us what certain things he wanted and got?

Mr. Gordon: We wanted the agreement of the other members of GATT to change certain items in the textile tariffs in line with the recommendations of the tariff board.

I forget how many reports were received from the tariff board on textiles. There were ten in the whole series, and three are being dealt with here. The items we gave in exchange are all recorded in these resolutions, and I do not know how to summarize them in a way that would produce a simple statement that would meet the very valid point made a moment ago.

Mr. Greene: To clarify the point, is it fair to state that what we have here in the form of tariff reductions is the price we are paying for these other concessions that we received by virtue of what the tariff board wanted for textiles?

Mr. Gordon: Yes, that is correct.

Item agreed to.

Item 569a agreed to.

Customs tariff—569b. (1) Hoods and shapes, caps, bonnets and berets, n.o.p.: British preferential tariff, 22½ per cent; most favoured nation tariff, 30 per cent; general tariff, 45 per cent.

(2) Hats, n.o.p.: British preferential tariff, 20 per cent and per dozen 75 cents; most favoured nation tariff, 25 per cent and per dozen $1; general tariff, 35 per cent and per dozen $1.50.

Mr. Danforth: Mr. Chairman, in the case of item 569b there is drastic increase in tariffs perhaps more than on any other item we have considered heretofore. May I ask the minister, through you, sir, if this is the recommendation of the tariff board, or does it represent direct representations from the manufacturers themselves?

Mr. Gordon: Mr. Chairman, these were the recommendations of the tariff board. I do not think it is fair to say that there are any substantial increases. Under item 569b (1) there is an increase in the most favoured nation rate from 22½ per cent—and various other items were consolidated—to 30 per cent. I quite frankly do not know whether that represents an increase or a decrease.

Item agreed to.

Mr. Weichel: Mr. Chairman, could I ask for leave to go back to item 559 for just a second.

The Chairman: Item 559g?

Mr. Weichel: Yes, Mr. Chairman.

The Chairman: Is that agreed?

Some hon. Members: Agreed.

Customs tariff—559g. Batts, batting and wadding of wool, cotton or other *textile* fibre, n.o.p.: British preferential tariff, 10 per cent; most favoured nation tariff, 17½ per cent; general tariff, 25 per cent.

Mr. Weichel: I would like to ask the minister this question. I understand the government is proposing to reduce the tariff protection under tariff item 559g from 20 per cent to 17½ per cent. Could the minister give us a little explanation on this?

Mr. Winch: Mr. Chairman, I know this is most unusual but I would like to ask your consideration, sir, to this committee rising immediately in view of a statement which is to be found in the *Citizen* of this afternoon relating to the departure of the defence committee to NORAD headquarters.

The Chairman: Order. Is the hon. gentleman rising on a question of privilege or a point of order?

An hon. Member: On everything.

Mr. Winch: Sir, I am rising on something which I just do not know quite how to handle; but I now have in my hand a clipping from a newspaper published this afternoon, the Ottawa *Citizen,* which says:

The Commons defence committee has been informed that it cannot be given secret information by North American air defence command headquarters because the members haven't been checked for security by R.C.M.P.—

Our committee on defence leaves in 45 minutes and we now find, according to this newspaper, that the committee going to Colorado Springs has not been cleared by the R.C.M.P. for security and therefore we cannot get the information for which we are going to Colorado Springs. I ask, sir, as a question of privilege, that this committee rise now from its present business and for the Speaker to be in the house, in order that we may find out what this article means when it says the defence committee cannot get information because we have not been cleared for security by the R.C.M.P. This matter is of great importance. I have—

The Chairman: Order. The point has been made by the hon. member. He realizes this is implied in the statement he has made, that he cannot raise this question except when Mr. Speaker is in the chair. We are bound by the terms of the resolution now before us and so we have to proceed with the business now before the house.

Mr. Winch: Could I ask, sir, that in view of the importance of this matter the committee rise and report to the house.

Some hon. Members: Agreed.

Mr. Pickersgill: I would suggest, Mr. Chairman, that if the hon. gentleman would care to raise this point just before six o'clock there might perhaps be general agreement.

An hon. Member: That will be too late.

Mr. Pickersgill: But in the meantime I will be very pleased to make some inquiries privately. This, after all, is only a newspaper story and we know that newspaper stories are not always accurate.

Some hon. Members: Oh, oh.

Mr. Pickersgill: Well, I call to witness many hon. gentlemen now sitting over there, notably the honourable and absent member for Qu'Appelle, who has his views about the subject. But I will undertake to make inquiries at once to see if I can find out whether there is any substance in this story, and I will report to the chairman as soon as possible.

Mr. Winch: Mr. Chairman, we have to leave at—

The Chairman: Order. In view of the assurances which have been given by the house leader of the government may I suggest that the matter be allowed to stand and that we revert to the business of the house.

Mr. Horner (Acadia): Mr. Chairman, I understand that it is a point of order; a motion has been made.

Mr. Pickersgill: There has been no motion.

Mr. Gregoire: On a point of order, Mr. Chairman, the Secretary of State has just accused the press of not reporting the truth—

Some hon. Members: Oh, oh.

The Chairman: This is not a point of order and the Chair did not understand the Secretary of State to have spoken those words.

Mr. Winch: Mr. Chairman, could I ask what it is that is recommended, because the 24 members of the defence committee are to leave from the front of the House of Commons in 40 minutes. Could I ask what the—

The Chairman: Order. May I suggest that this question cannot be discussed at this time. This may be considered a very urgent question and a very important matter by the hon. member, but we have rules and regulations as to the order of business to be followed. The committee is now considering a specific resolution. I would submit that, the question of privilege having been raised and in view of the ruling I have made, this matter should not be discussed any further and we should revert to the business of the house.

Mr. Winch: I am going to Colorado Springs, and God help them if I find that we do not get information because of the R.C.M.P.

Some hon. Members: Order.

Mr. Horner (Acadia): Mr. Chairman, I understand that the hon. member made a motion that we adjourn and report progress.

Mr. Pickersgill: There was no such motion.

Mr. Horner (Acadia): Am I correct in that understanding?

The Chairman: No such motion has been made.

[Mr. Pickersgill.]

Mr. Woolliams: Then I will so move, Mr. Chairman.

Mr. Horner (Acadia): I second it.

Mr. Pickersgill: I am afraid that instead of making the inquiry which might have obtained some information for the committee, I will have to ask you, Mr. Chairman, to put the motion and I trust the committee will not accept it.

The Chairman: The Chair requires to have the motion in writing.

Mr. Woolliams: I would like to speak to the motion.

The Chairman: There is no motion at the moment. I will have to have the motion in writing.

Mr. Pickersgill: A motion is not debatable.

The Chairman: There being no motion before the committee, we shall revert to the item now before the committee, which is item 559g.

Mr. Gordon: Mr. Chairman, I would like to reply to the question of the hon. member for Waterloo North about item 559g. This item provides for the entry of batts, batting and wadding of any material at 10 per cent British preference and 17½ per cent most favoured nation. The item is as recommended by the tariff board. It replaces the former item 536, with a minor change in wording for clarification purposes. The rates of duty have been reduced 2½ per cent under both tariffs. That was the recommendation of the tariff board.

The Chairman: Shall the item carry?

Item agreed to.

Item 569c agreed to.

Customs tariff—569d. Hat sweats, cap peaks, stiffening bands for the inside of hats and caps, tips and sides when cut to shape, and materials for use in the manufacture of such articles; all the foregoing for use in the manufacture of hats and caps: British preferential tariff, free; most favoured nation tariff, free; general tariff, free.

Mr. Horner (Acadia): On this item, Mr. Chairman, could the minister explain why it is here. It has been free previously and it is free now; and I fail to see any words in italics. Is it something itemizing these items for the first time?

Mr. Gordon: The item is being renumbered, Mr. Chairman.

Item agreed to.

Items 569e and 569f agreed to.

Customs tariff—572a. Carpets of sisal, palm straw or cane straw: British preferential tariff, 17½ per cent; most favoured nation tariff, 17½ per cent; general tariff, 40 per cent.

Mr. Nesbitt: I am rather curious about this item. Are the tariff rates here levied for the purpose of revenue or for some other purpose? I was wondering whether the minister could give us some background to that.

Mr. Gordon: I would say a little incidental revenue. It is not a big item.

Mr. Monteith: Following that question, is this the policy of the government, to put on duties for revenue purposes?

Mr. Gordon: I would think that the hon. member knows that this particular item has been on the books for a long time and certainly during the past six years.

Mr. Grafftey: Could the minister inform the house from which countries these items are mostly imported?

Mr. Gordon: Mainly from tropical countries, India and Japan.

Item agreed to.

Customs tariff—574. *Coated or impregnated fabrics, containing textile fabric, produced by any method, including lamination, if the weight of the textile fabric is less than two thirds of the weight of the coated or impregnated fabric*:

(1) *The textile fabric being wholly or in part of man-made fibres or filaments or of glass fibres or filaments: British preferential tariff, 27½ per cent; most favoured nation tariff, 32½ per cent; general tariff, 50 per cent.*

(2) *The textile fabric not being wholly or in part of man-made fibres or filaments or of glass fibres or filaments*: British preferential tariff, 20 per cent; most favoured nation tariff, 25 per cent; general tariff, 40 per cent.

Mr. Grafftey: Could the minister explain the listing under the general tariff, the 35 per cent and 4 cents per pound, etc? What does that involve? What is meant by the "various, various various" under the three items?

Mr. Gordon: It means that there are a variety of rates applying to various items which have now been consolidated under the new rates of 50 per cent and 40 per cent respectively under the general tariff. But in practice this would not be the tariff which would apply. The effective tariff here is the most favoured nation tariff which, as the hon. member says, is 32½ per cent and 25 per cent, reduced from 35 per cent and 32½ per cent. The other rate was 25 per cent, 25 per cent and various, which is now consolidated at 25 per cent.

Mr. Scott: In 574 (2) it appears as though the general tariff has been increased to 40 per cent. Is this an actual increase? If so, was it made on the recommendation of the tariff board or the industries concerned?

Mr. Gordon: I am informed, Mr. Chairman, that the 40 per cent is approximately equivalent to the previous 35 per cent tariff plus 4 cents a pound.

Mr. Grafftey: Could we have some sort of explanation of the new wording in this item? Quite frankly, it is a completely new item under 574b.

The Chairman: Order. It is my understanding that we are discussing item 574 which has not yet been carried.

Mr. Grafftey: Excuse me.

Mr. Gregoire: Carried.

The Chairman: Shall item 574 carry?

Item agreed to.

Item 574a agreed to.

Customs tariff—574b. Canvas in the web, wholly or flax or hemp, or both, plain woven, *coloured or not, treated with weatherproofing or preservative materials, weighing more than six ounces per square yard, when the weight of the untreated fabric is two thirds or more of the weight of the treated fabric*: British preferential tariff, 17½ per cent; most favoured nation tariff, 22½ per cent; general tariff, 40 per cent.

Mr. Grafftey: Mr. Chairman, I understand that hon. members in the party to my left have decided not to participate in an item by item discussion of the extremely important resolutions now before us. Having decided upon that I respectfully ask their courtesy in letting other hon. members question the officials through the minister. We have done our homework and consider it important to question the officials. We would appreciate the courtesy of not being interrupted while in the middle of discussion of very complicated matters by shouts of "Carried".

Mr. Gregoire: On a question of privilege; after what the hon. member for Brome-Missisquoi has said he has not proved to us that it is very important.

Mr. Ricard: You would not know the difference anyway.

Mr. Grafftey: In answer to that—

The Chairman: Would the hon. member resume his seat. I think we are getting into a debate which is not at all constructive and I suggest we return to consideration of these items. We are now considering item 574b.

Mr. Horner (Acadia): These items are important and I want to take an interest in them. This item deals with canvas in the web. If I go back to item 409f, that dealt explicitly with agricultural equipment and includes "parts of all the foregoing". They come in free under 409f. I am wondering whether canvas in the web used in farm machinery would come under this item, or under farm machinery or parts thereof, duty free.

Mr. Gordon: All I can say to the hon. member is that this is a textile item not farm

machinery, and would come in under this item.

Mr. Horner (Acadia): This is the point I want to get across. I agree it is a textile item. Canvas is used in swathers, in combines, binders and all the rest of the farm machinery, and is made of textiles. But it is also part thereof of farm machinery under item 409f and should in my estimation, if the canvas were bought alone to replace part of a machine used as farm equipment in Canada, come in duty free as a part thereof under item 409f.

Mr. Gordon: If what is coming in is a bona fide piece of agricultural machinery it comes in duty free. Whether it is classed as a bona fide part or not I cannot say; that is something the hon. member will have to get a ruling on from the Department of National Revenue.

Mr. Horner (Acadia): This has been one of the sticklers with regard to item 409f. I find a perfect example in canvases. Many items coming in as farm machinery, if they come in complete, are entered duty free. However, if they come in in parts, such as binder canvases or swather canvases, in many cases the duty is put on the piece coming in separately and not attached to a piece of machinery. I think the minister should clear this point up because he said that canvases used in agricultural machinery came in duty free under "parts of all the foregoing" in item 409f.

Mr. Gordon: If it is a complete part, Mr. Chairman, it comes in duty free.

Mr. Danforth: May I ask the minister a general question? I have noticed that the changes are on the basis of 2½ per cent, 5 per cent and 10 per cent. Is this in accord with the general agreement on tariffs or are these intervals chosen for the sake of ease in calculation? Perhaps there is some other reason why they should rise in this relationship.

Mr. Gordon: In general, Canadian tariffs go up in steps of 2½ per cent. Whether there is any great principle behind that, I do not know. That is the way the tariff is constructed.

Mr. Horner (Acadia): Before this item carries I should like to ask the minister about the importation in bulk of canvas in the web. A number of manufacturers are engaged in the business of making up canvas for agricultural use. If they import canvas in bulk they will be paying duty under item 574b. Am I right?

Mr. Gordon: I am informed that in the case to which the hon. member is referring the canvas comes in duty free, and under item 442 for manufacture.

Mr. Grafftey: Could we have some explanation for the phrase "materials, weighing more than six ounces per square yard, when the weight of the untreated fabric is two thirds or more of the weight of the treated fabric". Could we, also, be told whether there is any reason for the comma being placed where it is?

Mr. Gordon: This was an attempt by the tariff board to simplify the tariff to some extent and arrive at a line between heavily coated and lightly coated fabric. I am not sure where the comma should be; I am sure we could move it around. Perhaps we cannot. It should probably stay where it is.

Mr. Grafftey: Does this mean that fabrics of a certain weight are widely made in Canada, but that others are not?

Mr. Gordon: No. In this case there were, formerly several items dealing with heavily coated and lightly coated fabrics. Now they are covered by one item.

Item agreed to.

Customs tariff—597a (5). *Accordions*: British preferential tariff, 2½ per cent; most favoured nation tariff, 2½ per cent; general tariff, 30 per cent.

Mr. Nesbitt: This is an intriguing item. I see the tariff on accordions is being reduced and I was wondering whether the minister could give us an explanation of this slight reduction. Obviously he cannot be giving up much revenue. Possibly, he is assisting some other countries or perhaps he is benefiting gypsies, or night club owners or high school students taking accordion lessons. Could the minister in his genial way tell us the reason?

Mr. Gordon: I would be glad to do so, especially since I represent a riding which has in it many Canadians of Italian extraction. It was agreed that the rate on accordions should be reduced by 2½ per cent in the course of the negotiations which took place in connection with the textile items. Imports are largely from Italy and Germany; they are not separately recorded, so I do not know the exact quantities involved. However, I am sure the hon. member will agree with me that we need more accordions in Canada, not fewer, and none are made here at present.

Item agreed to.

Customs tariff—610. Belting, n.o.p., *not including single ply belting wholly of textile fibres*: British preferential tariff, 7½ per cent; most favoured nation tariff, 20 per cent; general tariff, 27½ per cent.

Mr. Gregoire: I should like to ask one or two general questions on all the items, now

that this last item on the page has been reached.

Mr. Horner (Acadia): Before the hon. member deals with the subject in general I have a particular question to ask on this item.

Mr. Gregoire: Very well, I will wait until the hon. member has finished.

Mr. Horner (Acadia): Would belting imported for use in connection with agricultural machinery come in duty free under this item or not? This is the same question as the one I had in mind with regard to canvas.

Mr. Gordon: It would come in duty free under 409f.

Mr. Horner (Acadia): Suppose a wholesaler brings in a shipment of belts which have numerous uses, though they have been purchased for agricultural machinery. Would those who buy this material be reimbursed under item 409f?

Mr. Gordon: I am informed that in such a case, where there is multiple use, the Department of National Revenue insists on repayment of duty, then gives a refund if the material is used for agricultural purposes.

Mr. Horner (Acadia): That was my understanding, but I wanted to confirm it. Would the wholesaler apply for the rebate, or the retailer?

Mr. Gordon: The importer of record.

Mr. Horner (Acadia): In many cases that would be the wholesaler. But how does he know the belts are sold for agricultural uses? I am afraid many farmers have been buying belts at prices a little higher than they should have been paying.

Mr. Gordon: I do not know about farmers in Alberta, but in my opinion no farmer in Ontario has been led down the garden path that way.

Mr. Horner (Acadia): I do not want to get into a discussion of any differences there may be between farmers in Alberta and farmers in Ontario. I know the farmers in Alberta have been led down the garden path in many ways. Looking over to my left I am reminded of one way in particular.

I do not want to believe that farmers in Ontario are smarter than Alberta farmers, but if the wholesaler is the one who is reimbursed by the Department of National Revenue in connection with the purchase of belts, can the minister explain to me how the farmer who buys a belt can be certain he is not paying a duty which may amount to as much as 20 per cent?

Mr. Crouse: I am interested in this point as it applies to the fishing industry. Belting is used in drag net fishing. I wonder if material for this purpose would enter free of tariff or whether the tariff would have to be paid and an application made for drawback?

Mr. Gordon: I have two questions here. In answer to the first, the farmer who buys a belt gives a certificate of use to the man from whom he buys it, and that man, if he is a retailer, presumably passes it on to the wholesaler or whoever was the importer. He is the one who applies for the rebate.

The other question is a somewhat different one. It has to do with the fishing industry. I am informed that the duty applies in the case the hon. member mentioned.

Mr. Horner (Acadia): That is the very answer that I thought would be forthcoming and this is the point I want to clear up. The minister has suggested that the retailer would reimburse the farmer. He said that a statement would have to be signed by the farmer that the belt was going to be used for agricultural purposes and he would then be reimbursed a percentage, depending on where the belt was made. The point is that farmers use a number of belts and are never given any form to fill out. The retailer does not give them a form. This suggests to me that many farmers are buying imported belts for various agricultural uses and, just as I thought, paying an additional 20 per cent. Certainly there is a possibility that the wholesaler, retailer or middleman between the farmer and the maker of the belt is receiving an additional 20 per cent in many cases.

I think the minister and the department should give a great deal of study to the problem of belts used on agricultural machinery. Many members may think this a small item but belts for combines, mowers and so on can run into a lot of money. It is nothing for a farmer to have to pay from $14 to $30 for a new belt, and on larger combines it is more than that. I have used combines as an example of the cost but I know of a particular mower that requires a $10 V-belt. I am certain that combine belts would be classed as agricultural items, but many smaller belts costing nearly as much can be used for various purposes and could have the 20 per cent duty applied to them. The farmers are paying this money and receiving no benefit. I think a study should be made to devise a better method to alleviate, if possible, this extra burden so far as belts are concerned.

Mr. Crouse: I should like to make one comment. I can very much appreciate the fact that farmers are eligible for this drawback, even though it would appear from the

remarks of the hon. member for Acadia that they are not always getting their just due. But I am somewhat surprised by the statement of the minister that one primary industry, agriculture, is eligible for this drawback while another primary industry, fishing, is not eligible. Fishermen also use large quantities of belting of various types. I should like to take this opportunity to ask the minister to reconsider this aspect of the application of the tax with the hope that the fishing industry, which does produce a large part of our revenue and provides a considerable amount of employment, will be given equal consideration when he reconsiders the matter.

Mr. Gordon: I think the point is very well taken and we will be glad to give it careful consideration.

Mr. Gregoire: I should like to ask a couple of questions covering all the items in Customs Tariff resolution No. 1. Can the minister tell us how much the government will gain or lose by all the changes in resolution No. 1? Can the minister give us the approximate amount?

Mr. Gordon: According to the best estimate we can get there will be no change whatever. This is a tidying up job.

Mr. Gregoire: Can the minister tell us how many more employees it will take to put these changes into effect? How many people will be required to instruct all the employees throughout Canada as to these changes and what will the cost be?

Mr. Gordon: I have always thought that when you simplify the tariff even to some extent, and I am not suggesting this is a great simplification, it should be easier in the long run to administer than it has been in the past.

Mr. Gregoire: Then in summary it is just a matter of simplification with no change at all?

Mr. Gordon: It is simplification plus implementation of the reports of the tariff board arising out of its investigations into the textile industry. As was said earlier, these investigations continued for some years. They started in 1957 and this is the end of it.

Mr. Horner (Acadia): This item covers belting, not otherwise provided, not including single ply belting wholly of textile fibres. Would this not include belts with metal in them? Many V-belts particularly have a metal core. Would they be included in this item? If not, where are they included?

Mr. Gordon: The exclusion is of the textile fibres, not of the metal. If there is any metal it stays under this item.

[Mr. Crouse.]

Mr. Horner (Acadia): The only change in this item is the words in italics?

Mr. Gordon: That is correct.

Mr. Horner (Acadia): Would the minister tell us if there are manufacturers in Canada making V-belts?

Mr. Gordon: Yes, there are.

Mr. Horner (Acadia): I do not want a specific figure but could the minister tell us what percentage of belting used in Canada is imported and how much is produced here?

Mr. Gordon: I do not think I have that information. In 1960 total imports under this item or under the items that precede it were about $1,750,000, but I do not know the value of the production in Canada.

Mr. Horner (Acadia): This is a very interesting item having regard to the value of the imports just given by the minister. We have manufacturers in Canada in this field. This is interesting from the point of view that we have been discussing a department of industry and the creation of more jobs in Canada. Can the minister give us any idea now or obtain for us the extent in percentage to which we rely on foreign imports and on Canadian production?

Mr. Gordon: One of the things that I think all hon. members have deplored in the past is the relative shortage of statistics giving a breakdown with regard to manufactured goods in Canada. It is very difficult to find out these things. We may be able to get an estimate and if so I will be glad to supply it.

Mr. Howe (Wellington-Huron): Could the minister indicate what this belting is that is mentioned here? Belting is used in many different processes outside the field of agriculture.

Mr. Gordon: The most important item that would come under this is what is generally known as rubber belting.

Mr. Grafftey: Mr. Chairman, arising out of the question asked by the hon. member for Lapointe the minister said that as far as he could see there was no revenue significance in the resolution. In regard to resolutions of this sort is there no detailed calculation of how they will affect ways and means in the result?

Mr. Gordon: The best calculation that has been made is that it balances out.

Mr. Grafftey: The minister means that it does not affect ways and means at all. Actually my question was whether it is normal practice in the case of resolutions of this kind to make calculations in order to find out how the balance of ways and means is affected.

Mr. Gordon: I think it is fair to say, Mr. Chairman, that if the revenue effects are at all significant they are taken into account. In this case the conclusion was that they were not significant. There were some pluses and some minuses, and they balanced out. There is not enough difference to put in your eye.

Mr. Grafftey: I should like to say, frankly, that I do not know what the strict procedure is in the discussion of budget resolutions. I noticed that the hon. member for Lapointe, perhaps realizing that these textile items were at the end of the list, used the occasion to make some general remarks. I noticed that the minister did make an opening statement on this resolution. I was wondering, then, if I could be permitted to make some general remarks on this last item? I do not know what the procedural details are in this connection, but we have gone through the item by item discussion, and at the beginning of the discussion I did ask what procedure should be followed. I think there is a certain amount of give and take on these matters and I should like, very briefly, to make a couple of general remarks.

First of all, sir, I should like to mention to the minister and his officials that after examining these items—

The Deputy Chairman: I do not believe the hon. member would be quite out of order at this stage if he were to keep his remarks rather brief. May I ask him to do that?

Mr. Grafftey: At the beginning of the discussion on this resolution, I did ask for some indication as to the proper procedure. Since I have been in the house, it seems to me that every year there is a different procedure followed in the discussion of these budget resolutions. I do not want to be lengthy, and I did not want to open up a general discussion in the middle of the item by item examination, but I do want to make some general remarks on this particular resolution.

My brief remarks are simply these: I am very happy that the minister informed me and the other members of the committee that it is only when significant revenue changes are anticipated that they are reported in so far as they affect ways and means. I think another thing that should be underlined is the fact that as we have gone over the resolution item by item this afternoon, we have become involved with the expression, "of a class or kind made in Canada". During the discussion of one item I did mention the fact, and I should like to repeat it at this stage as we close the debate on the resolution, that this would be a very convenient list to hand over to the new department of industry. I think it is important that we consolidate, as much as possible, the list of a class or kind not made in Canada for future and more profound study.

At this point, I should like to underline the fact that we are passing a resolution which, in principle, goes a long way towards satisfying three things. It would seem that our trading neighbours are satisfied with the results of this package deal which was negotiated, and which the minister took great pains to explain to the house. I thank him for that. It would seem, too, that while no one industry is ever completely satisfied, I think we have gone some distance towards rectifying many of the problems which faced the textile industry. It is more than a mere coincidence that many of the compensatory items involved, and which are inserted in this resolution, will naturally have a beneficial effect upon the farmers of Canada. I should like to point out that this resolution virtually satisfies three such points of consideration.

I should like also to state very briefly, and as uncontentiously as possible, that the administration which I supported for a number of years in this house felt it was very important for Canada to have an operating textile industry, a healthy textile industry. I do not want to be too contentious, but prior to 1957 there was some doubt whether the government of that day thought it was important that Canada should have a textile industry capable of survival. I hope that the presentation of this resolution to the committee indicates that the administration has now come round to the point of view that a healthy Canadian textile industry is something worth while.

The last general point I should like to mention as we close this debate, Mr. Chairman, is the hope that the minister will clarify our thinking on some of these points as the discussion proceeds on the other resolutions to come before us. It would be most helpful if the minister informed us whether the attitude of the Minister of Trade and Commerce or the attitude of the Prime Minister is going to prevail in the approach to tariff negotiations in relation to the United States proposal. If the Prime Minister's approach is taken holus-bolus, I think it is right to assume that this attitude will have definite effects on the tariff board's decisions and recommendations. This attitude will have effects on our secondary industries. We would all like to hear about that.

This is all I will say now because if I were to continue in this vein much longer I would no doubt be out of order. I would like to indicate that is the approach we will be

having to the discussion of future resolutions. I thought this would be a good time to indicate it. I thank hon. members opposite for their indulgence in allowing me to make these observations at this stage of the discussion. I know there are certain rules covering this discussion, but I thank you for the flexible approach that has been accorded me.

Mr. Horner (Acadia): Before the resolution carries, I should like to make a short comment. I know that I have taken up perhaps enough time of the committee this afternoon, but I should like to thank the minister for trying to answer my questions at all times and taking them seriously. Those questions which he could not answer, he has promised to consider. There is one subject, however, with which I have been dealing most of the afternoon, and that is agricultural products.

I know item 409f was dealt with already, but just before we pass the first resolution I would like to point out that it says at the bottom of that item, "all other agricultural implements or agricultural machinery not otherwise provided." I asked about four or five particular agricultural products, and in each case was told by the minister that he would have to discuss it with the officials and an individual study of each would have to be made.

Before the resolution passes I wonder could the minister give us some idea regarding what form of a directive is sent to officials in the offices of the Department of National Revenue across the country, with regard to other agricultural implements and machines used in agricultural production. What guidance is given to these officials across the country?

I listed portable livestock scales, steel boxes with hydraulic dumps, potato boxes, steel potato boxes which are a special machine used on potato farms, potato bagging machines, metal fence stays and a number of other items. Surely the minister could clarify the other agricultural machinery used in the production of agricultural goods? Surely these could be classified under one broad directive and sent to all officials across the country.

I could list a number of cases which I have had the privilege of dealing with, particularly over the last couple of years. I know some of the difficulties that importers and purchasers in Canada encounter in trying to decide whether an imported machine not commonly used in agriculture production, or shall I say specifically used, can come in duty free because it is not specifically listed in item 409f. Further I would point out that under resolution 1 we have three more items added to item 409f.

[Mr. Grafftey.]

It seems to me that every possible agricultural implement should be listed under this item because, unless they are listed, Department of National Revenue officials across the country tend to turn them down in most cases. The only alternative left to a purchaser is to approach his member of parliament and hope, through his pressure, to get the officials to rescind the tax already paid on an imported machine.

I am sure that if a wide enough directive were sent out to the officials this would not happen, but as it stands at present it is my opinion, and that of a number of people throughout the country, that any item, in order to come in duty free, must be listed under item 409f.

Mr. Pugh: Before the minister replies I want to say I listened with a great deal of attention to the hon. member for Acadia when he was questioning the minister on steel boxes for the ordinary farm wagon. The minister said, "Yes, that sounds as though it ought to come in." When an extension was asked on the hydraulic equipment the minister said, "Well now, I think at this stage we should query the actual department, just to make sure whether it comes in or not." It just so happens that a steel box with hydraulic equipment cannot come in duty free. It is not listed.

I am not sure whether the hon. member for Acadia asked about this previously and was turned down, but there is no question about it that such a steel box has a farm use, and has only got a farm use. However, with the hydraulic equipment it is turned down. When the minister was giving his answer on this general category under item 409f, his own common sense told him a farm wagon should come in; but yet he said, "No, I think we had better go to National Revenue and find out whether it should be allowed in or not."

Mr. Horner (Acadia): Before the minister answers I would point out that he said steel boxes were duty free. He made this statement, and I think *Hansard* will bear me out. It certainly bears checking at any rate.

Mr. Pugh: I know, but I think somebody nudged him after he gave the answer. When the hon. member for Acadia started talking about hydraulics, at that stage he began to wonder and I think he got an extra nudge. If the minister feels that common sense says a steel box should come in duty free, then why should not a hydraulic equipped box come in duty free? If the minister is perplexed, then what about the average farmer across Canada, and I am talking about the

western farmer as well as the eastern farmer? Surely they must be really perplexed?

Mr. Gordon: If I may, I will just clear up this last point. When I was talking about farm wagons we were on item 409f and were talking about gravity discharge farm wagon boxes. This item comes in free, but we all know there are other items in the tariff. Generally speaking—and I suppose it is unwise to generalize in this as in other fields —but by and large agricultural machinery comes in free, and by and large I think it is fair to say that the farmers of Canada know this. I think it is fair to say that most farmers recognize a piece of agricultural equipment when they see it. Then there are borderline cases and there are situations where the case is not clear.

I would point out that the Department of National Revenue has some 47 ports of entry across the country where all the information that is available at headquarters is duplicated and available. If anybody is under any doubt as to whether an item is dutiable or comes in free of duty, all he has to do is ask somebody in one of the offices of the department, or write to the head office. In this resolution—

Mr. Horner (Acadia): I wonder—

Mr. Gordon: May I finish? We were dealing with fairly certain specific items and I had not undertaken to embark on a full discussion of the tariff, or even on a full discussion of the tariff as it applies to the agricultural industry. I was dealing with these specific items, which for today was about as far as I had hoped I would have to go. I think I will leave it at that.

Mr. Horner (Acadia): I want this particular item cleared up before we proceed. The minister stated earlier this afternoon that gravity discharged farm boxes would include wooden and steel boxes, but I think the only type of steel box that would be gravity discharged would be one parked on a hill. The minister made the remark that is often the illusion of many people not directly in contact with the agricultural industry, that an agricultural implement is easily recognizable. Not today it is not. Today agricultural machinery is becoming highly mechanized and farmers are resorting more and more to hydraulic and highly machined equipment. This is, in a sense, part of the automation that has taken place throughout the country in other industries as well as agriculture. When I asked the minister whether steel boxes are included under this item, he said yes. I asked him for the explicit purpose of clarifying that particular thought that was in my mind, and has been in my mind for some time. Now he and the hon. member for Okanagan Boundary are suggesting that steel boxes might be duty free, but if they have a hydraulic hoist attached to them, they are not duty free. Yet further down in item 409f hydraulic hoists are duty free. Perhaps the minister or his officials could clarify the position with regard to this matter. Surely an importer does not have to take the hydraulic hook-up off the steel box and import it separately; surely he should be able to import the two items attached together, if he so desires. This is the point I have been trying to make under this particular item.

Mr. Pugh: It will cost the farmer more money.

Mr. Horner (Acadia): As the hon. member for Okanagan Boundary says, it will cost the farmer more money. This is just the point I am trying to make. The government, and we as members of parliament in this house, should try and facilitate the economy of Canada and, in this particular item, the farmers of Canada. We do not want to charge them more money because of an error in the regulations, because of the advanced technological knowledge applied in producing farm equipment today, or because of general automation in agricultural and farm machinery. Surely we should accept the fact that steel boxes with hydraulic hoists attached should come in duty free; that a farmer should not have to send his hired man down to the United States, for example, to take the hoist off the box and let them come in as two items. This is one way he could do it and get around the duty; or if it were cheaper he would pay the duty and keep the hired man at home. This is, in a sense, how ridiculous this item has become. Surely the minister and the officials are prepared now, after our thorough discussion of this particular item, to say that steel boxes with hydraulic hoists are duty free if they are used for agricultural purposes.

I think a purchaser should have to fill out a form and swear that this machine is purchased for agricultural purposes. That is done, in regard to the purchase of machinery, in a number of cases. I can think of air cooled motors, for example; when you buy them for farm use, you fill out a form to this effect, "This machine will be used on the farm for agricultural purposes" and you do not pay the duty. This could also be done in connection with steel boxes with hydraulic hoists attached. I am sure the officials understand that; they are well aware of the forms that farmers fill out and sign. I am sure that if gravity discharge steel boxes can come in duty free, and hydraulic hoists down below can come in duty free, the two items attached should come in duty free. I would like the

minister to accept this as a very reasonable argument on behalf of those farmers who are trying to mechanize or further mechanize their farms.

Mr. Olson: Mr. Chairman, before the item carries I wonder whether I could ask the minister a question for the purpose of bringing those of us who were not here during some of the previous sessions up to date, in line with the point which the hon. member for Acadia suggested has been bothering him for some time. In addition to that there is the fact that previously both these items were included, I think, under tariff item 409f; in other words, they were not added this time. I am wondering whether the representations that are now being made to the minister were made to his predecessor, and what were his reasons for retaining the confusion about which the hon. member has spoken.

Mr. Gordon: Mr. Chairman, that thought did occur to me as the hon. member for Acadia was speaking; but I did not want him to think this should influence me to the point where this government would not give his representations the very closest and most careful study. I am sure the officials will do that. We will certainly look into this question.

I do not know that I should answer the question of the hon. member who has just spoken any more than I have, as to why this might not have been dealt with as extensively during the last six years. The hon. member for Acadia looks as though he wants to answer the hon. member himself; he is sort of on the edge of his chair. Perhaps it would be kinder to let him rise and give the answer.

Mr. Horner (Acadia): Mr. Chairman, I realize the question was not directed to me but it did implicate me and I would like to say a word further on this item. Perhaps in doing so I can allay the hon. member's anxiety with regard to this particular subject and my actions in connection with it in the last six years.

This matter was brought to my attention about two years ago. I took it up thoroughly and worked hard on it. Then, as I mentioned, because of the vastly changing agricultural scene and the illusion that exists in many people's minds that agricultural implements are easily recognizable, I found it takes some time to convince officials in one government or another that steel boxes with hydraulic hoists that are used on farms should now be duty free. Because government has changed hands gives me no excuse to quit working on this particular item or this particular subject. Perhaps the hon. member for Medicine Hat thinks I should not now continue to press for clarification of this item. But that is not my understanding as to why I was sent to Ottawa. If a problem existed two years ago, and still exists today, I will continue to work at it and try to have the item cleared up.

Some hon. Members: Hear, hear.

Mr. Horner (Acadia): I was not successful—I should not say "I", because several other hon. members had the same problem—

An hon. Member: "We".

Mr. Horner (Acadia): We were not successful in convincing the officials that agricultural implements are not easily recognizable. We will continue to work on this subject and I think, thanks to the hon. member for Medicine Hat and his great patience—of course, he was out of the chamber for quite a while this afternoon, so perhaps I did not cause him undue hardship in listening to what I had to say on this particular item—and thanks to his colleagues who have been patient with me while I have been dealing with my agricultural problems this afternoon, I think we have made, with the help of other hon. members, great progress on this very ticklish subject.

Mr. Woolliams: The farmers of Medicine Hat will be glad you raised this matter.

Mr. Horner (Acadia): I am glad the minister has said he will continue to consider my views and give them serious study. Perhaps because of the arguments advanced this afternoon this whole matter can be cleared up relatively quickly.

Mr. Woolliams: Mr. Chairman, this is really on another subject and I am certainly not going to hold myself out as one who is knowledgeable on this matter. I would like to ask the minister a question under this item, where all other agricultural implements or agricultural machinery come in duty free. I am thinking of those machines owned by rural municipalities, and particularly the machines used in western irrigation districts of Alberta and eastern irrigation districts, for ditch irrigating. The same kind of machine is used in northeastern Saskatchewan and the northern part of Alberta. They drain swamps with these machines. Are these machines categorized as agricultural machinery if they are owned and operated by the municipality, and do they come into the country free of duty? I have received inquiries from rural municipalities, from the western and eastern irrigation districts of Alberta in this connection. This is a new subject about which I am completely green and I would ask the minister to explain it.

Mr. Gordon: This item was not included in the resolution. With the help of the officials I could probably give an answer but it might

not be a complete one. In the circumstances I would ask the hon. member to let me get the correct answers and send them along to him. If I try to deal with tariff items at random in this discussion I am afraid we will be here for some time.

Mr. Woolliams: I was not, of course, trying to embarrass the minister in any way. I have inquiries on this subject and I realize that no official can carry all the items in his head. I am willing to wait and get the answers, and I am sure the minister will give me his co-operation now, as he always has in the past.

Mr. Pugh: I think the hon. member for Bow River has made an important point. Not only is there customs involved, but if it is not classified as farm equipment then the 4-4-3 sales tax percentages would apply on the purchase. I have another point I should like to put to the minister. We are dealing with textiles and textile fabrics. I was wondering whether the proposed trade with China was the basis for any of the tariff changes which have been made.

Mr. Gordon: No, Mr. Chairman.

The Deputy Chairman: Shall resolution No. 1 carry?

Mr. Horner (Acadia): Before it carries, Mr. Chairman, I do not want to ask the minister to be lengthy—

Some hon. Members: Oh, oh.

Mr. Horner (Acadia): —some of us are tall enough; but this is a problem all of us as politicians have, our inclination to talk too much. I want however to ask about snow blowing equipment. I mentioned a lot of agricultural implements this afternoon and the minister kindly accepted them and said that he would look into them. There is a problem concerning the classification of certain items under "All other agricultural implements or agricultural machinery, n.o.p.;" in item 409f. What about snow blowing equipment or snow removal equipment? Would they qualify under that part of item 409f which says:

> Machines and tools for use on tractors, including blades, loaders, rippers, rakes and related operating and controlling gear;

Mr. Gordon: I am not too familiar with this snow blowing equipment. I do not think it is specifically designed for agricultural use and so does not come under the specific item here. As I said to the hon. member for Bow River, perhaps on this particular resolution it would be a mistake to discuss the tariff itself, to discuss the items not included in the resolution. If the hon. member for Acadia would like an answer and would be kind enough to write a letter to the Department of National Revenue, they assure me that they will be glad to supply the information.

Mr. Horner (Acadia): I would be glad to write that letter, but I should like to correct a misunderstanding with regard to snow blowing and snow removal equipment not being part of agricultural machinery, as I understood the minister to say. This is another perfect example why agricultural equipment is not easily recognizable.

Mr. Gordon: If the hon. member would allow me to interrupt, I think I said it was not specifically designed for that purpose.

Mr. Horner (Acadia): I am sorry if I misunderstood the minister.

Mr. Byrne: It is like a straw blower.

Mr. Horner (Acadia): You are blowing a lot of straw now.

Mr. Pigeon: They are used to manure spreading.

Mr. Horner (Acadia): Snow plowing equipment is not designed specifically for agricultural purposes but in many cases is used for such. I can remember many a hard winter when a lot of ranchers and farmers plowed the snow so that their cattle could follow up behind and eat the grass which remained. In those days a snow plow was a very vital machine to have around when a rancher was caught short of feed. The last few years have been pretty warm, I do not know whether or not because of the political activity in Canada, but they have not been so prominent on farms and ranches as in the past. But in the future no doubt they will be used to quite an extent by many farmers. I should like to know whether or not they would be included under machines and tools for use on tractors, including blades, loaders, rippers, and so on. Snow blowers are not specifically designed for agricultural use, but they are used for such in many cases, and they are made readily to attach to tractors. I wonder whether they would come under this head or not. Would they come in under that catch-all phrase or under the other catch-all phrase, which is:

> All other agricultural implements or agricultural machinery, n.o.p.;

I have taken a great deal of time and I see it is nearly six o'clock, but I hope the minister and his officials will take this snow blowing equipment along with the other items I have mentioned this afternoon and give it some thought as to whether it is already included under "all other agricultural implements".

Mr. Gundlock: Mr. Chairman, the hon. member for Medicine Hat brought up the

question why something was not done under the previous government, and I should like to call this matter, which is very important, to the attention of the minister. I have before me a letter from an industry which is trying to establish itself, and as a matter of fact is establishing itself, in Lethbridge. It is an industry which produces, processes and packages vegetables, and in our area of Alberta we import over 90 per cent of the vegetables we process. By way of example—and I concede this point to my hon. friend from Medicine Hat—I should like to bring to the attention of the minister that automatic stock watering devices are exempt from duty, whereas automatic stock feeding devices are not. This is not an old thing; it is a new thing. For example, there are egg cooling devices and milk cooling devices, but there is not this new device which we need so badly and which I call a hydro cooling device. Industry is trying to develop in Canada today—and by today I mean the last month or two—and they need these machines which represent millions of dollars to Canada and Canadian producers. May I call it six o'clock, Mr. Chairman?

Mr. Pickersgill: Even though it is a little late, Mr. Chairman, before you leave the chair, and for the benefit of the record, I should explain that there seems to have been a good deal of misunderstanding about the press report which the hon. member for Vancouver East referred. I am informed by my colleague the Minister of National Defence that there was no suggestion whatsoever that any member of parliament was being screened in any fashion at all.

Mr. Pugh: What is it all about?

Mr. Pickersgill: I do not know what it is all about. I did not make the statement referred to. All I am saying is that the Minister of National Defence tells me there is no thought of screening any member of parliament. This is a perfectly normal type of official visit being made in a perfectly normal fashion, and I was able to assure the hon. member for Vancouver East of this before he left and, I think, to satisfy him.

Mr. Woolliams: May I ask the Secretary of State a question? Does he not have in mind an article on page 5 of today's *Citizen* in which the following appears?

> The Commons defence committee has been informed that it cannot be given security information by north American air defence command headquarters because its members have not been checked for security by the R.C.M.P., Chairman Maurice Sauve said Monday.

I take it the Secretary of State is telling us either that the chairman has been misquoted or that the government does not agree with his statement.

[Mr. Gundlock.]

Mr. Pickersgill: I think the hon. member could perhaps find out from the chairman what he meant.

At six o'clock the committee took recess.

AFTER RECESS

The committee resumed at 7 p.m.

Mr. Gundlock: Mr. Chairman, as I was saying at six o'clock I wanted to bring to the attention of the minister and the committee a particular point with reference to items discussed earlier by certain hon. members. The question was asked why action had not been taken under the previous government. I want to make this point very clearly to the minister and his advisers because I think it is most important not only to the house but to Canada as a whole.

I gave an example which admittedly is an old one. I referred to the fact that automatic stock waterers were exempt while automatic stock feeders were not and are not exempt. The real point I should like to make to the minister and his advisers is this, and it is a new one, not an old one. This came about in my constituency only a week or two ago and I think the same thing applies throughout Canada. New industry is developing in Canada and certain items, as in the case of my previous example, are not listed and are subject to duty.

I do not want to leave the impression with you, Mr. Chairman, or with the committee or Canadians as a whole that we are striving to have more and more exemptions made possible for Canadian users. The real point that I think the minister and his advisers should take into consideration is this. I do not think we should have to fight here in committee to have exemptions made for certain articles. I think it should be made known throughout Canada if these articles are manufactured in Canada, and I see no reason in the world that they cannot be or should not be. If they are not available I think they should be made available to Canadians in order to increase secondary production and particularly primary production in the field of agriculture, because whether we like it or not we must admit that across Canada agriculture is one segment of the economy which one might say is in the lower brackets. It is not at the top of the Canadian economy.

Before we move on from this item I want to emphasize, by way of repetition if I have to, the fact that we are not making these arguments just to belabour the government. We are arguing in favour of increasing Canadian production. We are not rehashing old

arguments. As I pointed out earlier, I have a letter here dated as recently as July 11 with respect to a new industry trying to establish itself in my constituency. I do not mean to be selfish by talking about my constituency, and in any event what I am saying applies all across Canada. I referred to the example of stock feeders. I referred to corn coolers, milk coolers and hydro coolers. Hydro coolers are actually only a magnification, if that is the proper word, of these other things. The fact that they are not listed here and apparently are not obtainable in Canada places a very great hardship on a new secondary industry, an industry that Canada needs badly. This is borne out by other speeches we have heard this session.

I should like to leave that thought with the minister. I am not belabouring the point at all. I think they should be made in Canada and perhaps they are available, but as far as this company knows they are not. They are not listed, so the company is hampered in developing a new secondary industry.

Mr. Horner (Acadia): Mr. Chairman, I had hoped that the minister would tell the committee and the country generally what is included in the words "all other farm machinery" in item 409f. It appears to me and to many others that very little is included in "all other farm machinery". This afternoon I listed a number of types of farm machinery that could come under those words and I thought at one time that the minister was going to give us the directive that the department issues to its officials across the country. Surely that is not asking too much. Surely the minister can make available to us the directive that the department issues to officials across the country in order to clarify once and for all what is included in "all other farm machinery". I listed a number of items this afternoon and I can think of several more. We have been dealing with hemp and woven material. I can think of lariat rope which is used on many farms; but there is a duty on lariat rope coming in from the United States. Certainly that is something used in farming or ranching in southern Alberta and could very well be classified under a broad definition as a piece of farm equipment. Yet a duty is paid on it. Could the minister outline for us what directive the officials receive across the country with regard to this all-inclusive clause in item 409f?

Mr. Gordon: We seem to be back on an item that was dealt with some time ago. This particular item to which the hon. member seems to be objecting is just as it has been for many years. It is designed to allow the importation, free of duty, of all items that are not otherwise provided for. I suppose I can go on repeating the explanation I have given so often, but there is nothing new about this proposal. It has been in the tariff for some time. It is intended to cover all agricultural machinery items that are not otherwise provided for. But, as I say, we have already dealt with this particular item.

Mr. Horner (Acadia): I know there was a discussion of this item this afternoon, but the minister has not really dealt with it by way of explanation. He mentions repeating himself, but I have listened very carefully to his remarks and while he has been very kind in enlightening me and the committee on many items, he has not given us an explanation of this matter. I will admit that this item has been in the tariff, but the difficulty I have run into in the last couple of years is trying to ascertain what is included in the phrase "all other agriculture implements". I heard one definition this afternoon to the effect that all agricultural machinery must be on wheels and movable. I took that to be the definition, but I do not believe it is enough. I think it should be wider, and cover a wider range of equipment. It is for this reason I am pressing this argument this evening.

I believe the minister should be able to give the committee an outline of the definition given to officials across the country. No matter in what part of Canada you are, the goods you buy go through the various customs ports such as Calgary, Drumheller or Regina. Nine times out of ten the officials at these places have to make a ruling on a piece of equipment, and surely they have some directives to follow in this regard. All I am asking the minister for this evening is to have his officials give us some idea as to what agricultural implements are included in this item.

Mr. Nesbitt: Mr. Chairman, this matter was mentioned earlier this afternoon. I think a great deal of the trouble arises, as has been pointed out by many members today, from the restrictive and unrealistic definition of the word "machinery". I am referring to farm machinery. As I understood it, earlier today the minister undertook to review this matter with his officials with a view to redrafting the section. I trust that my understanding is correct.

As the minister pointed out at the time, he would not want to redraft the section on the spur of the moment. I think anyone would agree with that. However, it was my understanding that the minister gave an undertaking that some time in the very near future he and his officials would go over this with

a view to redrafting the section, so this problem would not occur as often in the future as it has in the past. In fact we would hope it would not occur at all. Perhaps the minister could tell us whether or not I was mistaken in this understanding.

Mr. Woolliams: I do not believe we can say that this particular minister is the one under whom this problem developed. I have always believed that the spirit of the law is important. I think what everyone has missed, particularly the officials, when they were discussing this matter with the minister, was this: What was really intended was that all equipment, whether you call it machinery or equipment, that can produce a dollar on the farm would be exempt from tariff. As the hon. member for Acadia mentioned, we are paying duty on lariats. What I would suggest with the greatest respect is that the wording be changed.

I should like to refer now to the leading case before the privy council in 1936 in which they dealt with the word "banking". I want to draw this analogy. In 1867 we defined the word "banking", and it did not include the lending of money. When the Social Credit government come into power in Alberta they passed certain measures controlling the lending of money. This particular piece of legislation went all the way through the courts to the privy council. Lord Simon said, in that particular decision, that the word "banking" like other words must grow with the economic factors and circumstances of the country. This is what the hon. member for Acadia has been talking about. Basically, the point he has been trying to make with the officials is that farm machinery is not being treated as farm equipment or being defined so that the farmers of western Canada can understand the definition.

This is the problem. We cannot put any blame on the new minister, but I would suggest that his departmental officials think about this and either give us a new interpretation or redraft the section so that the term "farm equipment" encompasses the whole field and includes any equipment that goes to make a dollar on the farm. I do not believe the minister realizes it, but when I raise this question I do so because millions of dollars have been spent and will be spent in irrigating western and southern Alberta. These irrigation companies are really co-operative companies formed by the farmers. They have complained for many years when the old Liberal government was in power, when the Conservative government was in power and now when another Liberal government is in power, that although they use this equipment in farm operations they are paying a tariff on it. Political science professors have pointed out that when it comes to tariffs, and it is time the country understood this, there is no difference between the philosophy of one party and another in this house. These recommendations are made by the tariff board and if they mean upping the tariff, the Liberal party ups the tariff. They have always painted a picture of themselves as being the low tariff party. They are no more the low tariff party than any other party. We are trying to plan the economy in such a way that it will help all Canadians. I am glad the Secretary of State is here because he spent four or five days last session on this very subject we are discussing now.

Let us get a definition that is workable. This is what all the argument is about. There may be some who feel there is a filibuster going on. There is no filibuster. The farmers want to know where they stand so far as farm machinery is concerned. I have seen articles in the press to the effect that important things come before this house in the dying days of the session, and yet the opposition has remained silent. They allowed these important matters to go through. This is important today to the people of western Canada, and that is why members like the hon. member for Acadia are asking these questions. I do not see the hon. member for Medicine Hat present. He should be questioning this item because he represents a farming community. The farmers of western Canada want a clear-cut definition. That is all they seek. I am coming back to that point when it comes to eastern irrigation equipment. Millions of dollars have been spent and millions of dollars will be spent, and if they are paying tariff on this farm machinery they want to ask the officials why.

Some hon. Members: Carried.

Mr. Horner (Acadia): Before it carries, surely the minister can give some idea or outline of what is included in "other agricultural machinery"?

Mr. Gregoire: Mr. Chairman, I think we are out of order. We are now on item 610.

Mr. Woolliams: When did you join the Liberal party?

Mr. Gregoire: We did the same with you last year. We tried to help you and you did not want it.

Mr. Woolliams: We know what help you gave.

The Chairman: Order. For the enlightenment of the hon. member for Lapointe we are not on item 610. We have passed that item and are on the general resolution No. 1, I should add that it seems to me we are getting

a little far from the principle of that resolution, and I would ask the co-operation of hon. members in limiting their remarks to the resolution.

Mr. Grafftey: I appreciate your guidance, Mr. Chairman, but before we close off discussion on resolution No. 1 I think it is important that we arrive at a proper definition regarding agricultural machinery and uses. I am not necessarily asking for an answer tonight, but the minister did make a remark, when I was asking questions under a specific item, that it would only have effect under the excise tax resolutions. It is important we arrive at a good definition of machinery or goods for agricultural use under this resolution, because I am sure all hon. members would agree that by analogy we could easily argue it would have effect on the excise tax resolutions.

I should like to bring to the attention of the committee a typical situation that exists in eastern Canadian agriculture. Very often a piece of machinery that is imported is not specifically designed for agricultural uses. It could be a tractor that might be employed in other commercial uses, but a farmer buys that particular machine because it happens to fit into his particular agricultural operation. He may be a small farmer in Quebec or Ontario —and I am sure the same situation holds true in the west—who often has to use the tractor outside his farm to gain extra revenue.

It is very easy for us in the ivory tower of Ottawa to say that he should get a prior ruling, but he does not get it. Then an inspector comes along and says he is using the machinery principally for non-agricultural purposes. We have gone through this in other parliaments but, as the minister explained so ably an hour or so ago, in practical effect this discussion today would only bear on the excise tax resolutions.

Mr. Gordon: The definition may not be perfect but is exactly the same as it was when the hon. member was parliamentary secretary to the minister of finance. I would also like to say I was relieved to hear the hon. member for Bow River say there was no thought on his part of filibustering this particular resolution, and I am sure that is a fact. On the other hand I feel and suspect that some of the questions that have been asked were asked a little earlier this afternoon. Perhaps if we had some new questions it would be easier to deal with them.

Mr. Horner (Acadia): Those remarks tempt me to rise once again. The minister said the definition is the same as it was before. I am not saying it is changed; all I am asking is, what is the definition for all other agricultural implements? The item says all other agricultural implements and agricultural machinery. To me the word "implements" is different from the word "machinery." I would call a lariat an implement. It assists a farmer or rancher in his work. I am using this an an explicit example, and I think it should be covered in item 409f.

Some hon. members say we should pass the resolution, but if it is passed now it will not be re-opened until the next budget comes in. I want the definition now, so that we will have the benefit of it for the coming year, and so that we will not have to go into it again next year. We have only one chance to review the budget resolutions and we should avail ourselves of it to make sure we know what changes are proposed.

I think the hon. member for Bow River made a very good point when he brought out the idea that legislation is enacted in the concept of growing. Certainly the term "agricultural implements" or "agricultural machinery" should be considered as a growing term in the legal sense.

We have complained to the department over the last two years that agricultural implements are viewed as though we were still back in the horse and buggy days, but all across Canada we are advancing rapidly out of the horse and buggy days where agricultural machinery is concerned. The minister said the definition is the same as it was before. We want to know what it is and whether it is broad enough to cover the growing aspect of automation in the whole farm machinery picture. Before the resolution passes I hope the minister will give us some outline of the directive that is issued to departmental officials all across Canada.

(Translation):

Mr. Paul: Mr. Chairman, I wonder why the Minister of Finance will not give the clarification asked for by the hon. members of the opposition.

The minister replied a while ago that the definitions were the same as those figuring in the provisions of the legislation during the last parliament.

Well, what we are asking for is to get some easing or some clarification so that farmers will know what agricultural machinery will be exempt from excise tax and customs duties. Surely it is not when people rise and show arrogance that the discussion can come to an end; this is no way to speed up passage of this budget resolution.

Nowadays, farmers are modernizing their farms. They buy some quite expensive implements and when they go to work outside the farm to get some additional income, they immediately have to pay excise tax and duty on that machinery.

We are asking the minister and his officials to set up a catalogue of the implements which must be considered as farm machinery. Is this determined on the basis of manufacturing conditions or of the use made of them?

It is merely in order to get such clarification that we urge the minister to give us an answer. It is surely desirable that he should stop being stubborn and co-operate with opposition members so that we will know where we stand in order to accelerate the passage of this resolution.

(Text):

Mr. Gordon: Mr. Chairman, I would like to reply to this particular question because I do not think the hon. gentleman was in the chamber this afternoon when I answered this question—

(Translation):

Mr. Paul: Mr. Chairman, I rise on a question of privilege. I must say that I was present in this house this afternoon and I may add that I am perhaps more often in the house than the Minister of Finance, for I am not in the habit of blundering and of slipping away because of my arrogance. I am anxious to do my duty.

The Chairman: Order. I recognize the Minister of Finance.

(Text):

Mr. Gordon: Mr. Chairman, I had no thought of suggesting that the hon. member was not a diligent attender at the sessions of the house. However, I did think that when I answered this particular question he might not have been present. But if he was, perhaps I did not notice him, and I usually do notice him. If he was here, I apologize. If the hon. member was here he will remember that I said in reply to this particular question, put to me by somebody else, that an agricultural implement as such is, under the tariff, an implement that is specifically designed for agricultural use.

Some hon. Members: Oh, oh.

Mr. Pigeon: Mr. Chairman—

Mr. Gordon: May I finish, please. I daresay there can be some misunderstanding as to what is or what is not specifically designed for agricultural use. But if there is any doubt about it, the doubt can be resolved very quickly by applying for a definition or a ruling from any of the many branches of the Department of National Revenue.

Mr. Woolliams: Mr. Chairman, I think the whole point has been missed. I am not trying to be difficult, sir, believe me, but the minister has just said that a machine must be designed for farming, and therein lies the difficulty. Many machines designed for many things are used in agriculture. I think we should have the wording—this is how I think it should read—to cover all other agricultural implements or agricultural machinery which serves farmers and ranchers in their operation of business. This is the point, and I am going to labour it for a moment.

The hon. member for Acadia this afternoon dealt with snow clearing or snow blowing equipment. It may be necessary to have snow clearing equipment to get your products to market. If this equipment is used in agriculture in that regard, it should be free of tariff. The minister says the machinery must be specifically designed for this purpose. I have the greatest respect for the department—and I know they are always behind the minister—but they must grow in the way I stated when dealing with the growing philosophy of that earlier case. The fact is that equipment should be exempt if it is used in agricultural operations of any kind or form. This is what we are trying to make clear. If we could get such a statement from the minister there would be no hold-up of this item as far as I am concerned, and I can almost speak for the other hon. members who represent large farming constituencies throughout Canada.

Mr. Pigeon: Mr. Chairman, I have only—

The Chairman: The hon. member for Cariboo.

Mr. Leboe: Mr. Chairman, I am rising to say that in this matter I agree with hon. members who have just resumed their seats, because this is something that not only affects farmers but other people as well. I believe hon. members who have just spoken are right in pursuing this question in order to obtain an answer. I would hope the minister would, in the genial atmosphere of this chamber, rise and tell us that steps will be taken to settle this matter. I hope he will say that anything used in agriculture and which can definitely be shown to be used in agricultural production will be reckoned to be such by the various people he mentioned as being those to whom we could apply for a ruling.

If the minister cannot say now that the ruling will be this or that, when the application is made it is only common sense that the officials are going to say, "It is not of a class or kind that comes under these tariff exemptions" and we will therefore be stuck with this problem. I agree with the hon. gentlemen who have dealt with this matter; I think they are absolutely right.

Mr. Nesbitt: Mr. Chairman, there is a suggestion I would like to make which might help us out of the difficulty. In view of the restrictive way in which the phrase "farming

machinery" has been interpreted to date, I would hope my suggestion would help solve this problem. I am sure hon. members on both sides of the house have had this difficulty and, as the hon. member for Bow River pointed out, nobody is for a moment suggesting that the Minister of Finance is in any way to blame, because this terminology has been used in the tariff item for years. But it has become an acute problem in the last couple of years, during which time it has been brought to my attention, because of the new types of farm machinery which do not fit into the restrictive interpretation of the word "machinery".

Naturally one could not expect the minister to redraft the terms of the act on the spur of the moment, because this is a very complex matter. However, I would suggest to the minister that between now and the time the budget bills come down he might discuss the matter with his officials and the Minister of National Revenue and perhaps some way could be found out of this difficulty. Nobody would, of course, expect the minister to make some suggestion now on the spur of the moment, but perhaps he would give an undertaking that he will discuss the matter with his colleague the Minister of National Revenue and his officials, and when the budget bills come before the house some arrangement might have been made.

Mr. Mandziuk: Mr. Chairman, I fully realize, as do all hon. members, that the Minister of Finance is anxious to balance his budget and therefore he wants every dollar he can get. Perhaps I can suggest something that will throw the odd dollar up his alley. I agree with everything that has been said by my colleagues on this side of the chamber, that every item of farm machinery should be spelled out so that those who import this type of machinery could buy it knowing it to be tariff free.

However, we have the other side of the coin. We should also have a list of machinery which is subject to tariff, which is used for agricultural purposes and which, according to the law, is of a class or kind made in Canada but enters free of tariff. I have one item in mind to which the minister might give consideration. I refer to cabs for tractors and combines, which are made in a factory in Manitoba right in my own constituency, of material better than anything imported from the United States, at a price which meets and beats that of the United States article. Yet these cabs come in tariff free from other countries, and we are up against it in this regard. I suggest that the Minister of Finance should look into this matter. This is one item that is made in Canada by Canadian labour, Canadian brains and with Canadian finance. If anything should receive a little protection, I think this article should, because it is an agricultural implement. These cabs are used on tractors, and our tractors out in the west are used in all kinds of weather conditions. They are mostly used on the farm. It is true that often a farmer will take a tractor out to open up a highway, and he is then accused of not using his tractor for agricultural purposes and the excise boys get right after him. That is not fair, if he has no other way of getting to town, which is often the case. These cabs keep the farmer warm while he is driving the tractor; they shelter him from rain. The same cabs are made for every make of combine. I suggest the Minister of Finance take this under consideration, and it being a product of a class or kind made in Canada it should get the protection it deserves.

Mr. Pigeon: I have only one remark which may resolve the problem. The minister is rapidly finishing so he can consult his experts.

Mr. Gordon: I am sure that was an ingenuous remark and I will accept it as such. A lot of very useful suggestions have been made in the course of this debate and I can assure all hon. members that they will be taken up and considered very seriously. I think the hon. member for Oxford suggested that it should not be expected that the Minister of Finance should make a snap ruling in these matters, and I thank him for that suggestion. The hon. member for Marquette made a different kind of suggestion, and I was very interested in his exposition of what was being done in his constituency. I will draw it to the attention of my colleague the minister of industry. I think all hon. members will agree that some of these things are not susceptible of being resolved on the floor of the house in a few minutes or even a few hours. All I can do is assure hon. members that everything that has been said will be considered as carefully as it deserves.

Mr. Horner (Acadia): I realize the minister will carry out to the letter what he says, but I am not satisfied with the definition he has given the committee. He stated that agricultural implements are specifically designed for agricultural uses, and if so they are allowed in under this all-inclusive item 409f. I want to point out to the minister and his officials that air-cooled motors, whether made by Briggs and Stratton or anyone else, are not designed specifically for agricultural use. I am sure the minister and his officials agree with me when I say that. Yet a farmer can buy them in Canada duty free if he fills out a declaration that they will be used exclusively on his farm for agricultural purposes.

An air-cooled motor does not fit the definition the minister just gave us. Why cannot a whole host of other implements used on farms today be handled in the same way as air-cooled motors? To my knowledge there is no reason why a farmer cannot fill out a form and swear that the implement he is purchasing will be used on his farm. The minister says, in effect, that this is the directive issued to the officials, that the machine must be designed specifically for agricultural use. I was not here when he said that this afternoon, but if I had this matter might have been cleared up a lot earlier. The minister's definition of 409f does not console me at all. If air-cooled motors can be purchased by farmers for agricultural use, duty free, then I submit a whole host of other machines could also qualify. I used as an example a lariat. To me a lariat is designed for catching cattle.

An hon. Member: You mean for hanging.

Mr. Horner (Acadia): Someone says for hanging. I think a bigger rope is used for hanging. If the hon. member knows anything about ropes he can check with me later.

Mr. Woolliams: If the hon. member stays here he will hang himself soon enough.

Mr. Horner (Acadia): The Minister of Agriculture, coming from the great city of Calgary, will agree with me that they have been using a lot of lariats recently in that city. A lariat is designed specifically, I think we will agree, for agricultural use.

Mr. Pickersgill: Can I make an offer to the hon. gentleman. I will be glad to pay the duty on any he needs for the next couple of years.

Mr. Woolliams: How about the rest of the population of Alberta? Is the hon. member so fat and healthy and so financially wealthy that he can afford them?

Mr. Pickersgill: I would buy two for the hon. member for Bow River.

Mr. Horner (Acadia): I want to assure you, Mr. Chairman, that I cannot be bought.

Mr. Pickersgill: Not even with a rope?

Mr. Horner (Acadia): Not even with a rope or the offer of a supply of ropes for the next two years. I am not going to be bought that easily. I was sent here by an agricultural constituency basically and many of the items I have mentioned this afternoon have been brought to my attention over the years by my constituents, and I will continue to work for the clarification and the easing of any tariffs which may be imposed upon agricultural implements or implements used for agricultural purposes. It makes me proud to feel that I have so many cohorts on this side of the house who are working so hard for the reduction of tariffs. I am proud to say that I worked for five years on these items and did succeed in making a number of changes to item 409f. But I did not accomplish everything, and perhaps that was because I had not the assistance of the brains the hon. member for Red Deer has in his party.

I am also proud to say that I did not vote for this budget, which is more than the hon. member for Red Deer can say. He is one of the people who want higher taxes imposed on the Canadian public, whether they be farmers or otherwise. He voted for the 11 per cent tax. I am trying to reduce taxes on agricultural products. I think this is a vital issue to the members sent here by the farmers in agricultural ridings. We are discussing resolution No. 1 which deals with the duty on agricultural implements. This sort of resolution comes up for debate only once a year after a budget, and this is the one time when hon. members have the chance to make changes.

Mr. Chairman, I should like to hear from the minister how he justifies his definition of agricultural implements when air-cooled motors which are not designed specifically for agriculture, but are nevertheless used in a multiplicity of ways throughout Canada, are allowed in. Certainly the same provision should be made for a host of other machinery used for agricultural purposes. I should like to hear the minister explain the definition his department uses in this regard.

Mr. Gregoire: Mr. Chairman, first of all I should like to say I am very surprised to hear these hon. members speaking so loudly this year on these matters when last year we never heard about them.

Mr. MacEwan: You were not around, that is why.

Mr. Gregoire: In fact, I think I hear it for the first time. Last year they did not say a word. They had six years in which to do that. What have they done? They never presented a budget last year, yet this year they are crying out loud. Why did they not do this before? They say: "Why don't you join the Liberals?" We have not changed sides. We remain here. Hon. members to my right are the ones who changed. Why? Because last year they stuck to their benches. They never got up.

An hon. Member: How do you know?

(Translation):

The Chairman: Order. The hon. member for Lapointe (Mr. Gregoire) will agree that as far

as his comments are concerned, he must limit himself to the substance of the resolution that is being discussed.

(Text):

Mr. Gregoire: Very well, Mr. Chairman, I think I have made my point. I think they can understand it. If they were mute last year, I hope they will not be blind this year.

We are discussing the problems of the farmers. I know they have problems. In particular, we are discussing the excise tax, not the sales tax. If we try to help the farmers by making unwise reductions in the excise taxes, we might be making trouble for the workers of this country who are ready to build equipment and materials to be sold to our farmers. We have all kinds of industries able to furnish equipment and machinery to our farmers. By abolishing these tariffs we might not help the workers of our country.

(Translation):

The workers of our country who can manufacture that farm machinery will find themselves out of work if an attempt is made to remove the customs duty on all that equipment and that machinery, whether it be snowplows or other material. Our workers would then be deprived of work in our factories, because taxes being higher in Canada than in other countries, prices are higher.

That is why customs tariffs were established, in order to protect Canadian industry. Otherwise, our workers, as well as various other classes of society, would suffer from unemployment, because Canadians would not buy production equipment. Farmers would be the first to be affected, because they would no longer be able to sell their products.

Mr. Paul: I rise on a point of order. In my opinion, the consideration of this resolution is not an occasion for setting forth a theory on production and consumption. We are considering a particular resolution and I would ask the hon. member for Lapointe to abide by the provisions of standing order 59(2).

Mr. Gregoire: I will try to be more to the point than the hon. member for Berthier-Maskinonge-Delanaudiere. We are at present discussing a clarification of the Customs Tariff. I am not one of those who would like to increase the tariff to protect industry, but when it is increased inconsiderately, we are asking for retaliation. But there are some reasonable limits to favouring exports without risking retaliation.

I am not an expert, but I believe that those remarks are relevant to the item before us more particularly because of the many exemptions found in the Customs Tariff concerning the importation of many items in our country. This is why, Mr. Chairman, we must assist industry in Canada so that it may produce our farm implements. All sectors of our community, the retailers, the farmers or the labourers must, first of all patronize Canadian production. That way our whole community will benefit, and particularly those who are actively engaged in production, because Canadian products will then be marketed in our country.

We believe industry should be protected not with high tariff walls but with normal tariff. Mr. Chairman, we do not object and let us not be accused of being Liberals, as was mentioned a moment ago, because in connection with the 11 per cent tax on building materials I did not hesitate to protest as I will do again if need be. When the time comes I will again enter the debate because we do not talk for the pleasure of hearing our own voices. When there are improvements to be adopted, we must set aside all partisan and political considerations, which is not what the Conservatives have been doing for the last few hours.

I would like to conclude by saying this: I am very happy to see that the Minister of Finance, while introducing this resolution, has not deemed necessary—and had he done so we would have blamed him for it—to impose a tariff surcharge that would have been more prejudicial to this country than the present problems.

(Text):

Mr. Horner (Acadia): I should like to say a few words after that verbose speech. The hon. member made some strong remarks directed, I suppose, against myself and other members who have been fighting hard to make a case on behalf of farmers all across Canada so that the items they need, the implements they use, might be available to them at a cheaper cost so that they in turn produce more cheaply. He suggested that I had been very quiet in the recent years. Let him check back in *Hansard* at any time; I wager I made just as many speeches last session as he did.

An hon. Member: Not as intelligent, though.

Mr. Horner (Acadia): I will let the public judge as to their relative intelligence. In any case I am pleased to see exactly where the Social Credit party stands with regard to the question of lower tariffs on farm machinery. Apparently they are opposed to this idea—I gather so from the remarks just made by the hon. member. That party has three spokesmen

now, the hon. member for Lapointe, the hon. member for Red Deer, and the other more notorious hon. member who they are trying to get rid of. They really should not worry about him because I am sure when they do get rid of him the hon. member from Lapointe can fill his boots without much trouble.

I wish to deal with resolution No. 1 which includes this first item 409f, which the minister has suggested the committee should adopt. Perhaps, after study, we should adopt it. I am sure I will be satisfied if the minister would inform the committee and myself how air-cooled motors are brought in under the definition he gave us a while ago—that of implements used for agricultural purposes.

Mr. Gordon: Would the hon. member like me to give him his answer right now?

Mr. Horner (Acadia): Fine.

Mr. Gordon: The motors he is referring to come into Canada duty free under 409q.

Mr. Horner (Acadia): Thanks. I do not have 409q in front of me but I am accepting what the minister says. I intend to pursue this matter a little further, if hon. members will bear with me. I would not want to think the Liberal backbenchers were trying to suppress free speech by interrupting what I have to say.

The Chairman: Will the hon. member kindly resume his seat. I should like to remind the hon. member again that in the course of his speech he should try to limit his comments and remarks to the resolution before the committee.

Mr. Horner (Acadia): Mr. Chairman, I would be pleased to limit my remarks to resolution No. 1. I must admit I was sidetracked by some comments thrown at me and I apologize for more or less allowing myself to be baited. I will deal with resolution No. 1. The minister stated that air-cooled motors are brought in under item 409a.

Mr. Gordon: Item 409q.

Mr. Horner (Acadia): Well, I was close.

Some hon. Members: Oh, oh.

Mr. Horner (Acadia): Mr. Chairman, if I could have your attention for a moment I should like to deal with what the minister said. He suggested that air-cooled motors to be used for agricultural purposes come into Canada under item 409q and are exempt. Fine. All I am saying is that all the other implements that I and other members have suggested should also come in under one item or another and be exempt. We only have a certain number of items before us and that is why I am dealing with the items that are before us.

I should like the minister to comment on this proposition, and it does not necessarily mean a change in these items. However, before resolution No. 1 passes I should like to hear the minister comment on this suggestion with regard to the wording: "All other agricultural implements or agricultural machinery which serve farmers and ranchers in their operations, not otherwise provided". Surely it could be made clear with those two or three or six additional words. It could even be shortened. You could say: "All other agricultural implements or agricultural machinery used in agricultural production". Maybe those three or four additional words would solve the situation and give a clearer understanding to the officials all across the country and a clearer and more precise understanding to all people wishing to buy machinery for use in the development of their farms, something that we very much want to see them do. The farmers have been in a cost-price squeeze over the years and we have all been trying our best to help them to meet rising costs.

I do not want to be a party to any group which suggests that we should not lower tariffs. I think the principle was initiated a good many years ago that farm machinery, whether it comes from England, Ireland or anywhere else in the world, should enter Canada duty free.

Mr. Pickersgill: By Mackenzie King.

Mr. Horner (Acadia): The tariffs have been reduced gradually since 1897 by various governments, and I think the record will prove that is so. Certainly I read in the Gordon economic report that the Conservatives removed just as many tariffs as the Liberals did. If hon. members want to check that, it is in the Gordon royal commission report.

Mr. Gordon: What page?

Mr. Horner (Acadia): I can give you the page. If you will bear with me a minute I will look it up. I think the principle has long been accepted in Canadian agriculture and in the Canadian parliament that agricultural machinery should come into Canada duty free. Certainly farmers today are purchasing tractors and combines. These are the big items in farming today on which the farmers spend their money. Nearly 50 per cent of the money spent by farmers on agricultural machinery is spent for the purchase of tractors. They are duty free, but here we are quibbling about smaller accessories. If large machinery is

allowed to enter duty free certainly the principle should be well established that accessories should also enter duty free whether they be lariat ropes, a snowplow or a piece of fence—

An hon. Member: Or a calf.

Mr. Horner (Acadia): —or steel boxes, or what have you. The principle is an accepted one in the Canadian parliament since away back in 1897, and the tariff was gradually reduced from that time onward. Surely, therefore, we should accept the idea put forward this afternoon that the definition should read "all other agricultural implements or agricultural machinery which serve farmers and ranchers in their operations". Surely that would not be straying from the principle or bringing any new concept into the legislation. Certainly not. There is no straying from the principle, no straying from the concept or intent of the original legislation. It would be no trouble at all to add three or four words to that particular clause.

I do not really think it has to be done by way of amendment tonight, as long as we have the assurance of the minister that the department will issue a directive to officials all across the country so that from now on all machinery used on farms for agricultural production will enter Canada duty free, and so that all the farmer will have to do if duty is charged is to sign a declaration similar to that used in the case of air-cooled motors. All the minister has to do is accept the principle that all farm machinery should come in duty free.

As far as the government is concerned there is no particular amount of money involved here. The government is budgeting for a deficit of nearly $800 million, but there is no great amount of money involved here as far as they are concerned. There is a great deal of money involved, however, in the case of the farmer who is trying to automate by adding to his machinery and thus perhaps lowering his expenses. He may buy a machine to take the place of a labourer or something like that. But certainly there is no deviation from the principle in the argument I am trying to present. There is no deviation from the original concept, and I can see no harm in the minister saying that this resolution will now be interpreted to mean that it includes all machinery for agricultural purposes. I should like to hear the minister comment on my suggestion with regard to the issuing of directives to officials across the country on the ruling respecting all agricultural implements.

Mr. Danforth: Before the minister replies may I say that I am sure the minister perhaps does not appreciate just how serious this matter is. Some of us who have been in the house for some years have followed the principle he laid down this afternoon of making representations to the department and accepting rulings on various types of machinery with regard to which we had requested a ruling. In nearly every instance, unless it was covered specifically in the regulations, the rulings went against the persons applying for exemptions from duty under the act.

I think that perhaps one of the basic reasons for this is the fact that agriculture is progressing much faster than the regulations covering it. In various areas of Canada today tremendous amounts of money are being invested in machinery used for agricultural purposes. One reason I cannot accept the minister's definition tonight with regard to agricultural implements and agricultural machinery arises from the fact that there are instances now where air conditioning is being used for livestock buildings, and by no stretch of the imagination can anyone say that air conditioning was designed specifically for agriculture.

We are very much concerned about this matter not only because there are a great many implements involved but because some of the implements are extremely costly and the imposition of a tax makes quite a bit of difference in the cost price to the farmer. We are also concerned about the great number of new implements coming on the market each year which are designed specifically to advance the automation of agriculture. These are the things we are vitally concerned about and this is why we feel some help should be provided. I believe that the minister was sincere and earnest in his presentation this afternoon, but as far as we can gather there is no intimation that the procedure to be followed will be any different from that followed in the past. This, sir, is not good enough for the farmer of today. He wants to know when and how he can get the necessary relief that we feel is so desirable at this time.

Mr. Pigeon: Mr. Chairman, since this question is of great interest to the farmers of this country, we would appreciate very much hearing the views of the Minister of Agriculture on this matter.

Mr. Gundlock: I dislike taking up the time of the committee at this moment, but there are several hon. members who have made a reference, indirectly, to the Canadian people, and I do not believe it should be allowed. As a matter of fact, there was a reference directly to hon. members beside me in another party. The hon. member even went so far as to say, "Where have you been

for the last two years?" I might ask him the same question, and I am referring to the hon. member for Lapointe.

Some hon. Members: Order.

Mr. Gregoire: Is that a question?

Mr. Gundlock: Yes, that is a very direct question.

The Chairman: Order, would the hon. member resume his seat? When remarks along this line were made by an hon. member a moment ago I called him to order and I am doing the same thing in these circumstances.

Mr. Gundlock: I thank you, Mr. Chairman. I should like to remind you, and other hon. members of the house, of what has been said in this committee. As a matter of fact, we were talking about the development of Canadian industry. We were not criticizing for a moment. Actually, we were asking the minister, or calling his attention to the need for the development of Canadian secondary industry. Earlier, Mr. Chairman, I quoted from a letter dated July 11 from one of my constituents. It is not dated two years ago, but is dated 1963. I think other hon. members of this house might do well if they read their mail, and they might find one of these letters from their own constituents.

Mr. Woolliams: I am going to be brief, Mr. Chairman.

Some hon. Members: Oh, oh.

Mr. Woolliams: I still think the minister could get around this difficulty, and I say this with sincerity—

An hon. Member: Can we believe you?

Mr. Woolliams: It is all right for you people, but somebody has to be concerned with the farmers, and we certainly happen to be concerned about them.

While I am answering, and in spite of the fact you brought several members to order tonight, Mr. Chairman, I want to answer the hon. member for Bonavista-Twillingate. He said that it was the government of Mackenzie King that set down the terms of reference when farm machinery came into this country free of duty. Let him come forward tonight with the evidence that farm machinery coming into this country was at any time subject to a tariff, either under a Conservative or a Liberal government.

Mr. Pickersgill: I will accept that challenge right now. The duty which previously was on farm implements was taken off completely in the budget of 1945.

Mr. Horner (Acadia): Not all machinery.

[Mr. Gundlock.]

Mr. Pickersgill: The hon. gentleman can find that out very easily by looking up the budget speech, which perhaps would be a profitable exercise.

Mr. Woolliams: I said all machinery.

Mr. Pickersgill: I said farm machinery.

Mr. Woolliams: I said all farm machinery, and that is my answer to you.

I want to go back to what I was saying before I was sidetracked by the hon. member for Bonavista-Twillingate. I still say that this problem could be solved if we could have an assurance from the minister that all agricultural implements or agricultural machinery which serves farmers or ranchers in their production, would be free from tariffs. We have heard from the Minister of Trade and Commerce, who has expounded on the idea to get rid of tariffs. They are supposed to be the tariff free party. Let us have some evidence of what they have been preaching since the days of confederation.

Mr. Horner (Acadia): Let us have the evidence.

Mr. Woolliams: We are asking for only one thing, that you assure the farmers that whatever equipment they use for production will be free from tariffs. Surely, that is not too much to ask from the Minister of Finance or his department tonight.

Mr. Greene: Mr. Chairman, the hon. member for Acadia has roamed everywhere from lariats to snow blowers during this discussion. I do not think it is inappropriate that he should be concerned with blowers. It certainly should be a matter of vital concern to him. He also professes to speak in this house on behalf of all the farmers of Canada. It may be that he speaks on behalf of the poor, downtrodden impecunious wheat farmers, but I think there are other farmers in Canada. I think, in that regard, the hon. member for Lapointe stood head and shoulders above the hon. member for Acadia when he made his statement.

The farmers I represent—and I represent some too—are quite willing to have some reasonable concession in the tariff such as we have at present whereby the farming community and the industrial community can live in harmony. This enables the industrial workers to have money with which to buy farm produce. I think all this item attempts to do, when it comes to giving protection, is to put a tariff on those items which are produced in Canada, so that the Canadian manufacturer—

Mr. Horner (Acadia): It does no such thing.

Mr. Greene: If this is not the case, Mr. Chairman, then the seatmate of the hon.

member for Acadia is off on a different tangent. This is the trouble with the party across the way: The left hand never knows what the right hand is doing. The hon. member's seatmate has just finished requesting protection for his industry at home, which is exactly the kind of thing this item attempts to do. It attempts to give some freedom from tax on machinery, but at the same time give protection to those items which are made in Canada, I think this is what the measure does. I think this is what most of the farmers in Canada want, irrespective of what the hon. member for Acadia may believe his constituents want.

Mr. Horner (Acadia): I had no intention of speaking again on this item, but the hon. member for Renfrew South tempts me to do so, as does the silence of the minister. The hon. member said that resolution No. 1 exempts from duty those items not manufactured in Canada and puts a tariff on those items manufactured in Canada. Well, Mr. Chairman, if members did a little homework or at least paid some attention to what is said in this committee, they would surely know that Cockshutt tractors were at one time made in Canada, and may still be made in Canada. Well, tractors have come into Canada duty free for many years. How does that apply to this item?

Mr. Grafftey: It doesn't.

Mr. Horner (Acadia): Certainly not, it does not. Item 409f of resolution No. 1 deals with items which shall be exempt from tax, and it includes three additional items specifically, aluminum sluice type devices for controlling water in irrigation ditches, haystack forms and heaters for orchards. Those are the only three items that it includes specifically. This is the reason the whole debate has been engendered. We want all agricultural implements, and all implements used for agricultural purposes, allowed in duty free; and as I pointed out the major, big and costly items now used in agricultural production do come in duty free. I am sure the minister will agree with that concept, and that his party will, even though it may have many members who want protection. They have retreated from one position to another and now they may well be termed accurately the high tariff party of Canada.

In rising to speak on this item I certainly feel I represent my constituency, but I also realize that in coming to this great place one must speak for those things which are beneficial to all Canada. I have tried to make my remarks general enough to include the east and the west. I do not want to belong to a party that wishes to split Canada between east and west, as the party opposite now does in agricultural matters. I do not want to become a part of that thought. I want Canada united. I want farmers in eastern Canada to enjoy the same privileges as farmers in western Canada.

I want farmers to be able to get their implements in duty free. This is a principle that has been established over the years. As matters stand now, if a farmer is a particularly good arguer and is sufficiently cantankerous, whether he be in New Brunswick, Renfrew, Calgary or Drumheller, he can convince a departmental official that what he is importing qualifies as an agricultural implement and he can have the 20 per cent tariff taken off.

This matter should be explicitly nailed down this evening, particularly since we have spent so much time on it, and since so many hon. members have shown such a great deal of interest in it. We should at least accomplish something this evening for the benefit of farmers all across Canada.

Some hon. Members: Carried.

Mr. Horner (Acadia): I know that many hon. members do not care about farm problems. They want to see this carried and they think these matters are not important. I know there are people in Canada who do not care a hoot about the farmers; but the farmers are the backbone of the nation and of the economy of the country, and will remain so for a good many years. Members of the Social Credit party wish to put this through in a hurry, but we can solve this sticky problem this evening if the minister will give an assurance he will discuss the matter with his officials and ensure that the words in item 409f will include all machinery used for agricultural purposes, or used for the production of agricultural goods.

Mr. Greene: Air conditioners?

Mr. Horner (Acadia): I hear a chorus of nonsense coming from the other side of the house. Certainly if radios help to produce more milk, then they are agricultural implements. The hon. member for Renfrew South owns a dairy farm. It is a great dairy country down there, and they grow a little tobacco once in a while if the Liberal party does not outlaw it. I think Webster would agree with me when I say a proper definition of the word "implement" is a tool used to assist somebody in his work. I am sure some highly trained legal advisers would agree with that definition. It is a tool in this case used to assist farmers, and this afternoon the hon. member for Lethbridge suggested that automatic feeders should also qualify. Certainly they are a tool used to assist in the

feeding of beef cattle, and I am sure the Minister of Agriculture would agree with that.

So far we have had nothing but silence or nonsensical quips from backbenchers on the other side with regard to the suggestion I have tried to make within the last hour.

An hon. Member: Why not within the last five years?

Mr. Horner (Acadia): Surely some of the backbenchers opposite represent farmers in eastern Canada? I know there are not many of them represent farmers in western Canada, but those who do represent farmers must know this is important and should bring pressure to bear on the minister and his officials. We should have this definition made clear once and for all.

I do not want to propose an amendment to this tariff item. I do not want to go into that detail. All I am asking is that the minister issue a directive to the officials all across Canada that from now on machinery used in the production of agricultural goods shall come into Canada duty free. This is nothing new. It is a well established principle and a concept that was agreed upon by parliaments years ago.

I am taking this opportunity to express my views and thoughts on the matter. Some hon. members say this should have been done earlier. I agree wholeheartedly with them; but because it was not accomplished earlier, I am trying to accomplish it now. It is not a question of getting re-elected or not. It is a question of coming down here and doing a job.

As I said before, I represent a constituency largely devoted to agricultural production. You might well term me an agricultural representative, and I see no harm whatsoever in arguing on behalf of the farmers, even though some hon. members would like this item to pass hurriedly. I sat quite patiently this afternoon while the committee dealt with textiles. There are no textiles produced in my constituency.

All I am asking now is that the minister accept the principle which was established years ago that all agricultural implements should come into Canada duty free. The concept has been proven in law that the interpretation of legislation must grow with the economy. This definition of agricultural implements has not grown as it should have in the past number of years.

(Translation):

Mr. Chapdelaine: Mr. Chairman, I rise on a question of privilege. I would like to draw your attention to the fact that the hon. members do not have to hear the same sentence repeated more than ten times during the same day.

(Text):

Mr. Horner (Acadia): Mr. Chairman, I have been in politics for only a few years but I have found that the only way to accomplish anything is to repeat your request until results are achieved. If I have to repeat it a number of times for the particular hon. member, in order for it to sink in, I guess I am prepared to do so. If he is not interested in agriculture, fine. When he wants to debate textiles, or whatever it is, I will be prepared to listen to him. But if I find him too much to stomach, I will go behind the curtain.

Some hon. Members: Now?

Mr. Horner (Acadia): I am not asking for the impossible. I am not asking that the resolution be changed. All I am asking is that the definition and the directive sent out to officials across the country be broadened and widened to take in the whole scope of this now vastly automated agricultural economy in which we are living. Certainly that is not too much. Certainly we as legislators cannot continue to allow the existence of this problem which so vitally affects our primary industry and the life of our farmers. We cannot continue to view it as though we were still in the horse and buggy days. We must advance our views on this important subject. We must bring our views up to date if we are to be effective, if we are to bring about legislation which will accomplish the aims of the legislators.

This is all I am asking this evening, to raise our sights; to have a new fresh look at the agricultural industry as it exists in Canada today; to bring our views and opinions up to date on what this industry needs and what it is doing. Certainly if we are to bring about legislation which is accurate and effective, and if we are to bring about proper changes in item 409f, we should apply our minds to this problem. It has been the complaint with regard to this item that unless an item is specifically listed here you have to pay duty on it. I do not think it is possible to list all the agricultural implements or agricultural machinery used for agricultural purposes, because these implements, machinery and the agricultural economy are continually changing. What is not used in farming today may be used in farming tomorrow. That is why I am opposed to the idea of three items being added to this resolution today. I am opposed to it because three is not enough; you must add a whole host. I do not think we could possibly add enough. We must, with regard to this all-inclusive clause at the

bottom, "All other agricultural implements or agricultural machinery", take it to mean precisely what it says. "All other" is what it says, and we must take it to mean precisely that. If the minister would rise and say yes, that is what it means, I would quickly sit down—

Some hon. Members: Hear, hear.

Mr. Horner (Acadia): —and for my part this item could pass. If the minister would rise and say yes, the all-inclusive clause includes all other agricultural implements and machinery. I would be satisfied. But certainly we should not lose this opportunity of presenting our views, of strongly arguing the case for farmers all across Canada that tariffs in connection with agricultural machinery and implements should be reduced.

Mr. Greene: Mr. Chairman, on a point of order, the section already reads, "All other agricultural implements". My hon. friend might read the section; that is what it says.

Mr. Woolliams: Mr. Chairman, I would like to speak to the point of order. The hon. member seems to have missed the point. We are not complaining of the use of these words in the section; it is the interpretation applied to them to which we object. Certainly equipment used on the farm or used in the production of agricultural products has not been free of tariff, and unfortunately some of these producers have to quibble and argue with the department. Sometimes they win; sometimes they lose. That is the point the hon. member for Acadia and other hon. members have been trying to make this afternoon. The hon. member raises a point of order, but I say this discussion is in order; what the hon. member is discussing and wants clarification on is the law as applied to this item.

Mr. Horner (Acadia): That is exactly the point.

Mr. Greene: Mr. Chairman, I wonder whether the hon. member for Acadia would permit a question, then.

Mr. Horner (Acadia): Certainly.

Mr. Greene: The hon. member has referred to the words "all others", which are already in the section. One of his associates on the other side of the house has said he wants, I take it, air conditioning equipment included. I wonder whether the hon. member for Acadia would include air conditioning.

Mr. Horner (Acadia): If it is used in agricultural production, certainly I would include it. The interpretation of "air conditioning" may well include refrigeration. Who would not allow farmers to use refrigeration for some of the perishable goods they produce? It is certainly a "must" on all vegetable farms and it is certainly a "must" on many agricultural farms across this nation of ours. It seems strange that the hon. member should now interrupt and say, "But it does say 'all other agricultural implements' ". Where does he think I have been reading from most of the evening? All I ask the minister to do is rise and say, "Yes, we will now interpret that to mean all other implements".

Mr. Gregoire: Mr. Chairman, would the hon. member permit me to ask him a question?

Mr. Horner (Acadia): Yes.

Mr. Pigeon: Yes, as long as it is an intelligent one.

Mr. Gregoire: Suppose some farmers live on an island and have to have a yacht to go across to their island; would the hon. member include the yacht under this item?

Mr. Horner (Acadia): Mr. Chairman, I am not going to comment on the "ifs" and "ands" of what I would do, and so on and so forth. I am being sidetracked by these comments.

Some hon. Members: Oh, oh.

Mr. Horner (Acadia): I was in the position where I was going to say something.

Mr. Mandziuk: Mr. Chairman, would the hon. member permit a question?

Mr. Horner (Acadia): Yes.

Mr. Mandziuk: The hon. member addresses all his questions to the minister. Supposing the minister does not know, or has no knowledge of agricultural implements? Perhaps the hon. member should address his questions to the officials here.

Mr. Pigeon: Or the Minister of Agriculture.

Mr. Mandziuk: Or the Minister of Agriculture.

Mr. Horner (Acadia): Mr. Chairman, I have been trying to make my remarks general, and on two or three occasions this afternoon I asked the Minister of National Revenue particular questions. Earlier this evening I asked the Minister of Agriculture for assurance with regard to several items which I mentioned, and I took his silence to mean he was in agreement with me; and I am sure he was, on those particular items. To get back to the subject and the point I am trying to make—

Mr. Scott: Mr. Chairman, would the hon. member permit a question?

Mr. Horner (Acadia): Yes.

Mr. Scott: I have sat for 4¾ hours now listening to this interesting discussion. I wondered whether the hon. member could give us some kind of economic reason why

the farming community should be singled out for this special type of concession against any other section of the economy. I am perhaps giving him additional leeway to get going again, but I would be interested in hearing from him some purely economic reason for granting these particular concessions to the farmers as against any other part of the industrial community of Canada.

Mr. Horner (Acadia): Well, I am not going to be sidetracked by this question.

Some hon. Members: Oh, oh.

Mr. Horner (Acadia): Oh, I would love to deal with it. Certainly we all know the conditions which existed throughout Canada and the position the farmers were in. The Minister of Agriculture and the Minister of Trade and Commerce have just been out to western Canada, where they saw a wonderful crop in the growing stage. But who knows whether at this very moment tonight hail might not wipe it all out. A year ago the air force had to fly grasshopper poison to the aid of farmers in western Canada. Farming is a very risky operation and livelihood. A crop is never harvested until it is in the bins and even then it may spoil. Farmers have no unemployment insurance or many of the other insurances of other classes of business. All one need do is look at the income figures to see how farmers eke out a living providing for their families as best they can. Perhaps the hon. member was serious in his question, but this is the first time I have ever known a New Democratic party member support higher tariffs on agricultural machinery. I am sure the former premier of Saskatchewan knows full well the hazards farmers face from day to day and from year to year.

Mr. Scott: Mr. Chairman, on a point of privilege; I was not suggesting we were dealing with the tariff one way or the other. What I was asking the hon. gentleman, and obviously he is not the slightest bit interested in responding, was to give us a logical, economic reason, instead of a lot of hollering and shouting such as we have listened to over the last four and a half hours.

Mr. Horner (Acadia): I am sorry if I appear to be hollering and shouting. I tried to answer the hon. member's question but I do have to contend with a continual and nonsensical yapping, and I have found that if I raise my voice I drive my point home a little more quickly. I want to sit down. I am tired of pressing this argument. One has only to look at the figures to see the incomes of the farmers throughout Canada. I am arguing the principle which has been accepted by parliament in years gone by. It is a well established principle and I do not want to go back and rehash it. I am asking the minister and his department to accept this concept wholeheartedly and to interpret the word "implement" as I think it should be interpreted.

An hon. Member: Explain.

Mr. Horner (Acadia): Now they want a definition of the word "implement". My definition, which I am sure will be supported by Webster, is that it is anything used as a tool for the aid or assistance of the person using it.

Some hon. Members: Oh, oh.

Mr. Horner (Acadia): They can laugh. Perhaps some of them have mowed their lawns recently. Well, a lawnmower is an implement, but not necessarily an agricultural implement. Perhaps they have actually hoed a garden. In this case the hoe would be an implement but not necessarily an agricultural implement. If one turns on a sprinkler, then the garden hose to which it is attached would be an implement. It is assisting in the spreading of water on a lawn, but it is not necessarily an agricultural implement.

An hon. Member: What about a rake?

Mr. Horner (Acadia): The minister and his officials will agree deep down that this is a realistic and a proper view of the word. The hon. member for Renfrew South, if he were minister, would apparently agree that the broad concept of agricultural implements should be accepted, and I think the minister should stand up and say: "Yes, this is my interpretation and I will so direct the officials throughout Canada". That is all I am waiting on.

If the minister will be kind enough to do that we can pass on to other items, and I only wish his backbenchers would give him the opportunity to stand up before they immediately holler "Carried".

Some hon. Members: Carried.

Mr. Herridge: Mr. Chairman, in view of the fact that the hon. member for Acadia was unable to give the committee the reasons for his argument I should like to do so on behalf of this group. I think his argument is soundly based. If an examination were made of the bureau of statistics figures the return per thousand dollars invested in Canada in agriculture compared with the return per thousand dollars invested in industry can be ascertained. Reference was made to yachts in a rather playful manner, and I understand farm transportation is exempt from duty. Would the minister include as an agricultural implement a launch required by a farmer who had no other means of transportation but water?

Mr. Gordon: A number of different points come into this general area of discussion. I was asked about radios which were used to help hens produce more eggs. Radios are also used for other purposes so they are not exempt.

Mr. Horner (Acadia): So are air-cooled motors.

Mr. Gordon: I was also asked about trucks used by farmers. Trucks are used by other people for other things so they are not included in the definition. The same applies to the launch. This is a difficult subject. I dare say the whole tariff should be revised and rewritten from top to bottom. I have asked questions about this from time to time and have been assured it is a ten or 12 year job, perhaps longer. That is not a reason, in my opinion, why it should not be attempted, but it is certainly beyond the scope of this committee to do it tonight.

Some hon. Members: Carried.

Mr. Horner (Acadia): I am not going to be too long. I realize that I have been battling this afternoon and evening against a high tariff party, a protectionist party, a party who wants to maintain high tariffs—

Mr. Gordon: I wonder if the hon. member would allow me to make a brief comment on that. He made reference to high tariff parties and even at one stage purported to quote from a royal commission report with which I had something to do. He said he did not know the page he was quoting from. I would refer him to pages 438 and 439. As to high and low tariff parties—

Mr. Horner (Acadia): Give the information to the hon. member for Bonavista-Twillingate. He wanted the page.

Mr. Gordon: —and that sort of thing, I would remind him— am I right in saying this?

Some hon. Members: Oh, oh.

Mr. Gordon: Mr. Chairman, I understood that in committee it was customary for ministers to consult with their officials. It is a good custom, and if I may be permitted to do it I will probably avoid trouble. As I was about to say, the net result of all these tariff changes is a reduction in tariff, not an increase. If what the hon. member has in mind is that tariffs should be reduced drastically, I would suggest to him, with all deference, that he take this idea to the next convention of the Conservatives and see whether it is approved by that body.

Mr. Horner (Acadia): The minister's last remarks might in the long run point to the quickest way in which I will get this done. I realize that this party will very soon be sitting on the other side of the house and, when we are once again in office, we will be able to give a better definition of the word "implement". I have the Oxford dictionary here. It states that an implement is a tool or an instrument. That is good enough for me. I would think the cowboys in the Calgary rodeo last week would have had a hard time trying to rope a calf without a lariat. I would think that many agriculturists in western Canada, including the Minister of Agriculture, would declare that the automatic feeders on his lot are a tool and should be regarded as an agricultural implement. I know. I have put up with a lot of interruptions from backbenchers opposite. I have had to cope with an attitude of disinterest. I do wish to thank the senior member of the New Democratic party for supporting my argument to some extent at least. I realize that the minister may not have been on a farm recently.

Mr. Gordon: Mr. Chairman, I was on my farm last week end.

Mr. Horner (Acadia): I am pleased to hear that. It really pleases me to think that the minister was on his farm. Up to this time I had no idea he had a farm. Anyway, he has not shown me he has any concept of what a farm implement is. He told us they were easily seen and categorised. Well, he is not prepared to broaden the scope of the decisions which have been made.

I do not intend to persist in this. I know the minister does not intend today to go ahead and act on the suggestions I have made. However, he has a record which suggests that tomorrow, or the day after, he may think otherwise. His record suggests he can readily retreat from a position he has taken, and this may be the case in the present situation. I have enjoyed defending and representing the farmers in my constituency and across Canada this afternoon and evening. It disheartens me to some extent to note the lack of interest taken in this primary industry by backbenchers opposite. But I am pleased to learn that the minister has a farm and that he was on it during the week end. I hope that when he visits it from now on he will see things he did not see before.

An hon. Member: Air conditioning.

Mr. Horner (Acadia): Maybe not at his farm, but perhaps if he goes into the areas concerned with tobacco growing he would learn something about that, too.

I have taken up enough of the committee's time.

Some hon. Members: Hear, hear.

Mr. Horner (Acadia): I am sure that if the backbenchers over there have not learned anything, the officials have. I believe the minister will, tomorrow, take a new look at the implements on his farm and that if he has the privilege of bringing in another budget, changes will be made in this respect in another year. In saying this I am, perhaps, accepting defeat, which I find hard to do, but the officials and the minister may rest assured they will hear from me in the future by way of letters until the principle which has already been long established is carried out to the letter.

Item agreed to.

Resolution agreed to.

2. Resolved,—That schedule B to the Customs Tariff be amended by striking out item 1012, and the enumeration of goods and the rate of drawback of duty set opposite that item, and by inserting therein the following items, enumerations of goods and rates of drawback of duty:

The Chairman: The first item is 1008.

Customs tariff—1008. *Materials, woven, knitted, bonded, braided or felted, whether or not pleated, folded or sewn.*

When used by manufacturers of hats in making bands for, or in binding the edges of, men's hats, 99 per cent.

(Translation):

Mr. Gregoire: Mr. Chairman, I have only one remark to make. I notice that in item No. 2, there is a word which translators failed to translate into French, perhaps because it was difficult to convey its meaning. I wonder if we could not be given at least an explanation of what is meant exactly by the word "drawback".

(Text):

Mr. Gordon: Put in simple language it means the duty is paid when the goods come in and is refunded when they are exported; when the goods are used for the specified purpose, or exported, the duty paid on their importation is refunded.

(Translation):

Mr. Gregoire: Could the Minister of Finance be asked to see that his experts find a French translation for this word, Mr. Chairman?

(Text):

Mr. Gordon: I would be delighted to do that, and if the hon. member for Lapointe has a suitable suggestion to make as to an appropriate word I hope he will give me the benefit of his suggestion.

Mr. Gregoire: I will try to help, Mr. Chairman.

Mr. Grafftey: With respect to resolution No. 2, I should like the minister to tell us whether I am right in saying that the new item 1008 is as recommended by the tariff board.

Mr. Gordon: Yes, Mr. Chairman, this resolution arises directly from the tariff board's report on textiles. It would implement changes which the board recommended in the drawback provisions relating to certain materials used in the production of hats and caps.

Mr. Grafftey: I should like to ask the minister if the old item 1012 is almost the same as 1009. If there is a difference, would the hon. gentleman say where it lies?

Mr. Gordon: It is very similar. The new item is more precise.

Mr. Grafftey: It is simply a case of increased precision.

(Translation):

Mr. Pigeon: Mr. Chairman, I do not know if this item can be related to the import of British woollens, but I remember that when we were on the government side, we had increased the tariff on the import of British woollens. We on this side of the house, remember also the questions which had been raised, the objection for example of the hon. member for Bonavista-Twillingate (Mr. Pickersgill). I would therefore like the Minister of Finance to tell me whether these customs duties which we had increased to protect the Canadian textile industry will be maintained or whether they will be reduced to their former level?

(Text):

Mr. Gordon: These drawbacks apply to imports from all countries but they happen mostly to affect imports from the United States.

(Translation):

Mr. Pigeon: Mr. Chairman, I would ask the minister whether it is possible to be more explicit in his answer, because he has not answered my question. I ask the minister whether the government will maintain the customs tariff on imported British woollens.

The hon. members of the previous opposition, especially the hon. member for Bonavista-Twillingate, objected when the Conservative government raised the tariff on imported British woollens in order to protect our textile industry. So I ask the minister whether the present government will maintain that tariff at its present level or reduce it to its former level.

(Text):

Mr. Gordon: Mr. Chairman, this particular resolution involves felts and synthetics and it does not involve the items about which the hon. member was talking.

Item agreed to.

Customs tariff—1009. Woven fabrics in the web. When used in the manufacture of linings for men's or boys' hats or caps, or in the manufacture of buckram shapes for women's or children's headgear, 99 per cent.

Mr. Grafftey: Is this as recommended by the tariff board?

Mr. Gordon: Yes, Mr. Chairman, some time ago.

Mr. Grafftey: For clarification purposes, could the minister explain in a general way what effect this has?

Mr. Gordon: It just makes it a little more specific than it used to be.

Item agreed to.

Resolution agreed to.

3. Resolved,—That schedule A to the customs tariff be amended by striking out tariff items 535, 535a, 535e, 535g, 538c, 539, 569e and 575, and the enumerations of goods and the rates of duty set opposite each of these items, and by inserting therein the following items, enumerations of goods and rates of duty:

The Chairman: The first item is 540a.

Customs tariff—540a. Grasses, seaweed, mosses and vegetable fibres other than cotton, not coloured, nor further manufactured than dried, cleaned, cut to size, ground and sifted; oakum of flax, hemp, or jute; coir and coir yarn: British preferential tariff, free; most favoured nation tariff, free; general tariff, free.

Mr. Grafftey: Mr. Chairman, after some degree of examination I have been able to ascertain that resolution No. 3 merely renumbers items in consequence of various changes. In the first resolution we noted that there were some entries having to do only with renumbering. Could the minister explain in a general way the method of renumbering used?

Mr. Gordon: The purpose of this resolution is to renumber eight existing tariff items so as to fit them into the revised tariff schedules. This is the point at which it was desirable to fit them into the revised tariff schedules. There are no changes in substance.

Item agreed to.

Items 540b, 540c, 540d, 541c, 541d, 568 and 569g agreed to.

Resolution agreed to.

4. Resolved,—That schedule A to the Customs Tariff be amended by striking out tariff items, 180e, 180f, 188, 206b, 208x, 237a, 296g, 399a, 431h, 440m1, 440n1, 462d, 462i, 469, 478 (2), 570a (2), 597d, 696 (1) and 703b, and the enumerations of goods and the rates of duty set opposite each of these items, and by inserting therein the following items, enumerations of goods and rates of duty:

The Chairman: The first item is 9i.

9i. Feeds for use exclusively in the feeding of trout: British preferential tariff, free; most favoured nation tariff, free; general tariff, 25 per cent. On and after July 1, 1964: British preferential tariff, 15 per cent; most favoured nation tariff, 20 per cent; general tariff, 25 per cent.

Mr. Gordon: Mr. Chairman, this resolution provides for a miscellaneous group of amendments, mostly of a relieving nature, affecting 22 different tariff items. As hon. members may have noted, the effect of several of the proposed amendments is to enlarge the scope of existing free entry items by adding the words which are shown in italics. It is also proposed that several items which provide for the free entry of specified goods for limited periods of time, for example, heavy water, borate ore for use in fighting forest fires and aircraft of types and sizes not made in Canada, be extended for further periods.

Item 703b deals with the tourist exemption and I might make special reference to it. The proposed amendment to 703b would provide statutory authority for a reduction in the tourist exemption. That is the amount which returning Canadians may bring in duty free and which has already been in effect for more than a year. It was introduced by order in council P.C. 1962-903 of June 24, 1962.

No doubt many Canadian travellers to the United States and other countries woud be glad to make use of larger exemptions if they were available. However, experience shows that this change is making a substantial and relatively painless contribution to improving our balance of payments on travel account.

Since 1936 tariff item 703b has provided that Canadian residents returning from abroad after an absence of 48 hours may bring in with them free of duty goods to the value of $100 provided four months have elapsed since their last claim. In 1958 provision was made that in addition to the $100 basic exemption a resident returning from overseas after an absence of not less than 14 days might claim an additional exemption of $200. If advantage is taken of the special exemption no further exemption, basic or special, may be claimed for a further 12 months.

The statutory provision relating to the tourist clause has not been amended since 1958. However, P.C. 1962-903 of the 24th of June, 1962 had the effect of reducing the basic exemption to $25 and the special exemption to $75. The limitation is having a substantial effect on imports. In the six months July to December, 1962, total imports under item 703b were only $19.6 million compared with some $43 million in the corresponding months of 1961. Imports from the United States dropped from $35.6 million to $12.9 million for the period. In the peak year of 1960 total imports under the item were $82 million of which $71 million were from the United States.

Taking account of undeclared imports and expenditures for accommodation, the total net saving in our tourist account with the United States attributable to the change in the exemption is likely to be of the order of $70 million to $80 million per annum. Other factors, including changes in exchange rates, are also contributing to an improvement in the over-all balance of our travel account. We had a deficit on travel account in every year from 1953 to 1962 inclusive. The deficit reached a peak of over $200 million in each of the years 1959 and 1960. It declined to $160 million in 1961 and $50 million in 1962. In 1963 we are likely at least to break even and may well have a surplus.

Mr. Grafftey: Mr. Chairman, I should like to put two brief questions to the minister. Can he inform the committee as to the total effect this resolution will have on the balance of ways and means? There is another point I should like to bring up briefly. I have compared the tariff items in the resolution before us with the items that were introduced in the last parliament but not passed, and I have noted that some of the items in the resolution under discussion are items that were included in last year's resolution while some of them naturally are new items proposed by the new administration. I was able to find on close examination that the following items included in the last budget resolutions are in the current tariff resolutions, namely, 206b, 237a, 296g, 431h, 440m, 440n and 696. I have noted that while item 409f was in the last tariff resolution it is not in this resolution, and the minister explained to me an hour or two ago where it was picked up. I have noted that item 611a in the resolutions we brought before the last parliament, which I believe relates to some type of hospital goods, is not currently before us. Has the minister any explanation?

Mr. Gordon: The answer to the first question about the effect of these changes on the balance of ways and means is that it is negligible. In so far as the tourist exemption is concerned, there may be a slight change in this year's against last year's but it is not appreciable.

On the other points that the hon. member raised, there has been an attempt to do a bit of a clean-up job here and pick up a lot of loose items that were presented last year to the house but were not passed. In respect of the two items to which he referred specifically, the first one that he pointed out has been dealt with in another place and the hospital shoes item has been dropped as these products are now being made in Canada.

Mr. Grafftey: Only temporary relief was asked for originally?

[Mr. Gordon.]

Mr. Gordon: That is right.

Mr. Knowles: My question was in the same vein as the first part of the question just asked by the hon. member for Brome-Missisquoi. I, too, had in mind what I think was Bill No. C-81 of the last session of parliament. As the minister knows, it got first and second reading and we got started on third reading, but it was never passed. Nevertheless, as I understood it at the time, certain of its provisions were brought into effect subject to the passing of the bill. Now, will the bill based on this resolution take care of that situation so that any changes that were proposed by the last bill will now have the force of law?

Mr. Gordon: That is correct, Mr. Chairman, except for the item on hospital shoes which is now being dropped and which was a temporary item to allow these products to come in free. They are now being made in Canada. Apart from that one exception, the answer to the question of the hon. member is in the affirmative.

Mr. Grafftey: May I ask just one general question in the way of clarification before we go into the item by item examination of this measure? Am I correct in assuming that all the changes we are about to examine came about as a result of the normal operation of government business and did not involve tariff board recommendations?

Mr. Gordon: That is correct, with the exception of the item dealing with architects' plans and drawings.

Mr. Thompson: I should like to ask a question of the minister relating to item 9i. I notice you are removing the tariff on this item of feeds for trout farming, and then after a delay of one year you are reimplementing it. Does this mean that these feeds will be manufactured in Canada between now and that time?

Mr. Gordon: This item is related to the many representations which have been received from commercial trout farmers in British Columbia. The imports of trout feeds are estimated at around $30,000 annually. The representations for free entry were supported by several members of the house and by the government of British Columbia. I should point out that there are three Canadian producers of trout feeds in Canada. The government has been informed that these products have proven unsatisfactory for the raising of trout. Since there is a Canadian producer of trout feeds, it is proposed that free entry be for a limited period and a careful review will be made before the item comes up a year from now.

Mr. Nowlan: Before we deal with the individual items, I may say that I did not quite catch the figures given by the Minister of Finance. He told my friend from Brome-Missisquoi that he did not think this particular resolution would affect materially the balance of ways and means. I am not prepared to debate that with him at this time. However, I would take it that the minister would agree that the items dealing with restrictions on importations by tourists would materially affect the balance of payments deficit.

I am speaking from memory now about matters with which, at one time, I was fairly conversant, but this relaxation of controls on imports by tourists going abroad would substantially lessen the deficit in the balance of payments, and has had a very material effect in dealing with this problem at this time and will continue to do so in the future.

Mr. Gordon: Yes, Mr. Chairman, I am delighted to confirm that fact. I think that is what I said in my remarks.

Mr. Barnett: In reference to item 9i, the minister was good enough to draw my attention to this item when I raised a question earlier in the committee's proceedings. I had in mind a question related to the one asked by the hon. member for Red Deer with regard to the reimposition of the tariff. I gather that the minister said representations on this subject have come principally from British Columbia. I could not quite follow what he said about manufacturers in Canada, but I have here a copy of a letter which was addressed to someone in British Columbia from the Quaker Oats Company, which apparently does manufacture fish food.

They point out in this letter that the matter of freight makes it prohibitive for the products of their plant to be shipped as far west as British Columbia. They mention that they have had some inquiries from Winnipeg, but even at that distance the freight was almost prohibitive. I was wondering in view of the suggestion in the resolution that this tariff be reimposed, whether the minister had made any inquiries to ascertain whether a manufacturer in Canada would be capable of producing a satisfactory formula anywhere in the western part of the country. I mention this particularly because in this letter the Quaker Oats Company indicates they are manufacturing under some form of licence a formula which is essentially a United States formula. The complaint that was heard in British Columbia was that no suitable formula was available in Canada.

Mr. Gordon: I gathered most of the complaint was that the form of trout feeds produced in Canada had proven to be unpalatable to the trout and that the manufacturers, at least one of whom resides on the west coast, are now trying to produce some more tasty package for the Canadian trout. If they can do that to the satisfaction of the trout and the people of British Columbia, then no doubt their own product will be acceptable in place of the imported product.

Mr. Barnett: This is the first reference I have heard to the matter of a tasty feed. However, I have been informed that a demonstration has been conducted by one of the trout raisers in the constituency of my friend from Fraser Valley, who also has raised this question with the minister. Whether it was a matter of palatability or not, I do not know, but I understand that two demonstration tanks of young trout were kept, one of which was fed an imported formula and the other some local formula, and whether or not it was because the trout did not like the formula, apparently the difference in growth rate was rather remarkable. I think that is perhaps an important consideration.

Mr. Gordon: I can assure the hon. member, Mr. Chairman, and I am sure all hon. members who are interested in fishing will agree with me, that one of our main objectives must be to produce a proper form of feed or a feed that will be acceptable to these trout and will make them grow larger and larger.

Mr. Barnett: If I may just conclude, I wish to thank the minister for his helpfulness. I was going to say that if by the time we are considering this matter in committee next year this form of agriculture did not appear to be all that was desired, I may be seeking the assistance of the hon. member for Acadia in this particular cause.

Mr. Gordon: I shudder to think that may happen, but I am grateful for the warning.

Mr. Herridge: Mr. Chairman, I have been very quiet in this debate but I have a couple of questions to ask the minister. With reference to item 597d, musical instruments, I see an addition is practice chanters. How does he classify practice chanters as musical instruments, and what organizations made representations in this respect?

Mr. Gordon: I am glad to have an opportunity to give this explanation. As most hon. members know and will agree, the bagpipe is a long established and well loved musical instrument without which many Canadians would find it difficult to get along. Without what is known as a practice chanter it would be impossible to train new generations of bagpipers, and so those who feel it is important that a new generation of people grow up who will be proficient in playing

the bagpipes, felt if bagpipes themselves should come in duty free then it was only right and proper that the importation of practice chanters should be similarly facilitated.

The representations that were made to the department came from various people, and I think it is fair to say most of them were of Scottish origin.

The Deputy Chairman: Order. The discussion is getting ahead of the Chair. I should point out that we are still on item 9i.

Item agreed to.

Customs tariff—180e. *Plans and drawings, related specifications, any substitute therefor, reproductions of the foregoing except reproductions of Canadian originals, for the manufacture, assembly, erection, installation, operation or maintenance of machines, test sets, engines, apparatus, appliances, plant equipment, and parts thereof*: British preferential tariff, free; most favoured nation tariff, free; general tariff, free.

Mr. Grafftey: Maybe the minister would like to explain why under the old tariff we see, "free, free free" and then the various percentages underneath. Can we have any clarification relating to that?

Mr. Gordon: Items 180e and 180f implement the wording and rates of duty recommended by the tariff board in its report on reference No. 128, which covered engineers and architects plans, drawings and blueprints. They replace the former items 180e and 180f. The items were referred to the board for study following a recommendation by the House of Commons standing committee on estimates that they be reviewed. The board's report was tabled in the house on April 12, 1962.

Under item 180e plans of machines and plant equipment will continue to enter Canada free of duty. In addition plans of appliances and apparatus which were formerly dutiable will become free of duty under the new wording of this item.

Item 180f provides for plans for structures. Formerly architects plans for structures were dutiable at 12½ per cent British preference and 20 per cent m.f.n., while engineers plans for certain structures were free of duty. The board recommended that, in general, plans for structures be dutiable at the same rates whether prepared by engineers or architects. There is no change in the British preference and most favoured nation rates on maps and charts under this item.

Mr. Grafftey: I am just having a little difficulty scanning this item. Is there any change in the wording of these items as opposed to the rates?

Mr. Gordon: There are some changes in the wording, yes.

[Mr. Gordon.]

Mr. Grafftey: Are they indicated by italics in the changes before us here? Normally I can distinguish changes in an item when I see the italics, but I did not notice these items before.

Mr. Gordon: This whole wording was recommended by the tariff board.

Mr. Grafftey: The whole item is new then?

Mr. Gordon: Well, reworded.

Item agreed to.

Customs tariff—180f. *Plans and drawings, related specifications, any substitute therefor, reproductions of the foregoing, n.o.p.; maps and charts, n.o.p.*: British preferential tariff, 12½ per cent; most favoured nation tariff, 20 per cent; general tariff 27½ per cent.

Mr. Scott: I notice the general tariff has been increased by 5 per cent in this case. Is there some reason for it?

Mr. Gordon: Mr. Chairman, the general tariff has no real significance. I am not too clear why it has been increased except that was the recommendation of the board.

Item agreed to.

Items 188, 206b, 208x, and 220b agreed to.

Customs tariff—237a. Deuterium oxide or heavy water; uranium in the form of pigs, ingots, billets or bars: British preferential tariff, free; most favoured nation tariff, free; general tariff, 25 per cent. On and after July 1, *1964*: British preferential tariff, free; most favoured nation tariff, 15 per cent; general tariff, 25 per cent.

Mr. Thompson: I notice deuterium oxide will continue free until July 1 next year. Is that because it is expected that heavy water will be manufactured in Canada in sufficient quantities by that time?

Mr. Gordon: There are plans to manufacture it in Canada. If they have not been implemented by that time, then this item would be reviewed.

Mr. Thompson: Then carrying on with that item, why is uranium placed in that same position? Are we not producing uranium far in excess of our present needs?

Mr. Gordon: We are big exporters of uranium, as everyone knows, and its production in Canada is sufficient. There is not any concern about importation, and I suppose for that reason it is put in those words.

Mr. Thompson: Why would you be imposing a duty on it in the future when there is not one now?

Mr. Gordon: I think the suggestion was that by doing it this way we would have an opportunity to review the situation a year

from now. If there has not been any change then presumably the same rates of duty would apply.

Item agreed to.

Item 296g agreed to.

Customs tariff—399a. Pipes or tubes of iron or steel, commonly known as "oil-country goods", being casing or tubing, fittings, couplings, *thread protectors and nipples* therefor; sucker rods, pony rods, polished rods and couplings therefor; seismograph drilling bits, in sizes three and one half inches to four and three quarter inches inclusive; all of the foregoing for use in connection with natural gas or oil wells: British preferential tariff, 5 per cent; most favoured nation tariff, 10 per cent; general tariff, 20 per cent.

Mr. Nesbitt: I notice there are additional items here of thread protectors and nipples. Are there no companies in Canada that produce these items, and from what countries are they normally now imported?

Mr. Gordon: Mr. Chairman, the words in italics have been added to this item to eliminate a tariff anomaly. Thread protectors and nipples attached to imported oil or gas well casing or tubing are dutiable at the same rate as the casing or tubing, namely, 10 per cent most favoured nation. However if the protectors and nipples were imported separately by Canadian manufacturers of casing or tubing they were dutiable at 22½ per cent.

The addition of the words "thread protectors and nipples" to item 399a means that the Canadian manufacturers can import these articles at the 10 per cent rate.

Mr. Nesbitt: From where are they imported?

Mr. Gordon: Mostly from the United States.

Mr. Nesbitt: Are there any companies making these items in Canada at present?

Mr. Gordon: No, Mr. Chairman.

Mr. Pascoe: I was wondering in connection with the potash exploration in Saskatchewan, would their solution mining of potash come under this item, whereby they send down water and bring up potash?

Mr. Gordon: It would not come under this item, Mr. Chairman. I am not sure under which item it would come, but I shall be glad to make inquiries and let the hon. member know.

Mr. Pascoe: I wish the minister would, Mr. Chairman; it is very important.

Item agreed to.

Items 431h, 440m, 440n, 455, 462d, 462i, 469 and 478 agreed to.

Customs tariff—570a (2). Carpeting, rugs, mats and matting of paper; stair pads: British preferential tariff, 15 per cent; most favoured nation tariff, 22½ per cent; general tariff, 30 per cent.

Mr. Nesbitt: Mr. Chairman, with regard to this item I was wondering whether the minister could give us a word of explanation as to the reason for these particular changes.

Mr. Gordon: Mr. Chairman, the only change in this item is the deletion of the words "carpet lining". Carpet lining is an obsolete term and no longer has any meaning in the trade. Dropping these words from the item will not affect the coverage of the item in any way.

Mr. Nesbitt: As I understand it, Mr. Chairman, we are dealing with item 570a. I notice there is a change here under the general tariff from, formerly, 25 per cent to 30 per cent now, and I was wondering whether the minister could give us some explanation of the 5 per cent increase.

Mr. Gordon: It is of no immediate significance, Mr. Chairman, except that it is apparently customary in these schedules, where it can be arranged, for the general tariff to be double whatever the rate is for the British preferential tariff. But it has no material significance.

Item agreed to.

Customs tariff—597d. Musical instruments, namely: autoharps, clavichords, harpsichords, harps; bass viols, violas, violins, violoncellos; strings for the foregoing; recorders, xylophones; bassoons, clarinets, English horns, fifes, flutes, oboes, piccolos, saxophones, *practice chanters;* parts of the foregoing: British preferential tariff, free; most favoured nation tariff, free; general tariff, 30 per cent.

Mr. Gregoire: Mr. Chairman, I have a question to ask the Minister of Finance on this item. I do not know whether it is intentional or whether he is practising racial discrimination in this regard. I see he has exempted many instruments from customs duty, including English horns, but he has not mentioned French horns.

Mr. Gordon: Mr. Chairman, I can assure the hon. member that no slight was intended. I will ask the officials of the department to go into this question very seriously and see whether the situation cannot be rectified next time the matter is before the house.

Mr. Grafftey: Mr. Chairman, I would like to ask the minister a few very general questions on this item. First, can I assume that the item relates mostly to instruments and parts of instruments of a class or kind not made in Canada? Second, will this item result in a substantial lessening of operation costs for our nation's major symphony orchestras and musical groups throughout the country?

Mr. Gordon: On the first point, Mr. Chairman, the hon. gentleman is quite correct; these various instruments are not made in Canada. On the second point, the only change is in connection with practice chanters, and this will be a great boon to the Scotsmen or would-be Scotsmen of Canada in the future.

Mr. Grafftey: There is just a rewording to cover practice chanters?

Mr. Gordon: That is all.

(Translation):

Mr. Gregoire: Mr. Chairman, I should like to ask a question.

I note that two categories of musical instruments, the stringed instruments and the wind, are duty free under this item, but no brass is mentioned anywhere. Is there a special reason for that?

(Text):

Mr. Gordon: I understand there is another item covering those.

(Translation):

Mr. Gregoire: Mr. Chairman, I have another question for the Minister of Finance.

I note that all the stringed instruments are mentioned except the contrabass. Is there also a special reason for that?

(Text):

Mr. Gordon: The basses seem to have escaped the immediate knowledge of my officials, but we will be glad to look into it.

Mr. Grafftey: I trust the minister will excuse my asking this question, Mr. Chairman, but I understand there has been a rewording of the item by the addition of "practice chanters". Do the tariff changes relate to just parts of the foregoing, or parts of the foregoing and the instruments themselves? It should be clear to me, but it is not. Do the tariff changes relate to parts of the foregoing and the instruments also?

Mr. Gordon: Yes, Mr. Chairman, that is correct. But if I may, I should like to correct the answer I gave the hon. member for Lapointe. I think if he looks at this item again he will see that basses are included.

Mr. Nesbitt: Mr. Chairman, I would like briefly to take advantage of this opportunity of congratulating the minister upon including the item covering practice chanters. Those of us who live in communities which have a Scottish background, where there are many pipe bands coming along, will extend a vote of thanks to him. Of course, those who are not of that extraction might not enjoy it quite as much as those of us who are, and I include the minister in the latter category. I thank him for making this provision. The only comment I have on this particular section is that I think it is perhaps unfortunate that chanters are included with an instrument which is sometimes referred to as the ill-tempered clavichord; but apart from that I think everything that has been done in this connection is just fine.

Item agreed to.

Customs tariff—696 (1). Philosophical and scientific apparatus (and ancillary equipment thereto), utensils, instruments, and preparations, including boxes and bottles containing the same; maps, charts, photographic reproductions and other pictorial illustrations; *video tape recordings; stencils and cards, specially designed for the preparation of library index cards;* casts as models; animals as research or experimental subjects; living plants, seeds, cuttings, buds, scions, tubers, bulbs and root-stock; mechanical equipment of a class or kind not made in Canada; parts of the foregoing. All articles in this item, when for the use and by order of any society or institution incorporated or established solely for religious, philosophical, educational, scientific or literary purposes, or for the encouragement of the fine arts, or for the use and by order of any public hospital, college, academy, school, or seminary of learning in Canada, and not for sale or for rental, under such regulations as the minister may prescribe: British preferential tariff, free; most favoured nation tariff, free; general tariff, free.

(Translation):

Mr. Côté (Chicoutimi): With regard to item 696, Mr. Chairman, I should like to tell the minister that until now I agreed with him on several points, but this time I am not so sure.

In item 696, mention is made of "philosophical apparatus". The fact is I have never heard it said that there existed such a wonderful invention as a philosophical apparatus, which is referred to in the tariff item now before us. Consequently, if there really were such an invention, which could bring more wisdom to the hon. members who are in office at the present time, I would be in favour of letting that apparatus come into Canada duty free.

(Text):

Mr. Howe (Wellington-Huron): Mr. Chairman, I would like to ask the minister a question on this particular item. With regard to living plants, seeds, cuttings, buds, scions, tubers, bulbs and root-stock, will those items all come under the regulations of the Department of Agriculture in connection with this type of thing coming into Canada?

Mr. Gordon: Yes.

(Translation):

Mr. Chapdelaine: Mr. Chairman, so that the house may know what this is all about, I would ask the Minister of Finance to define the expression "philosophical apparatus", including boxes and bottles containing the same.

Mr. Gregoire: Mr. Chairman, we really should have an explanation about that.

(Text):

Mr. Gordon: I can understand that there may be some little misunderstanding with this old-fashioned language. I think the reference to scientific apparatus is more apt than the reference to philosophical apparatus.

Mr. Pascoe: Mr. Chairman, at the end of this item it says "under such regulations as the minister may prescribe". Does that mean that these regulations will be changed at the whim of the minister, or are they definitely set down?

Mr. Gordon: This is an item which has been in the tariff for a long time. There are no regulations.

Item agreed to.

Customs tariff—703b (1). Goods valued at not more than *twenty five* dollars included in the baggage accompanying residents of Canada returning from abroad after an absence from Canada of not less than 48 hours and acquired by them for personal or household use or as souvenirs or gifts, but not bought on commission or as an accommodation for other persons or for sale, under such regulations as the minister may prescribe, British preferential, free; most favoured nation tariff, free; general tariff, free.

A resident of Canada shall not be entitled to the exemption herein granted within a period of four months from the date of the last exemption allowed, nor shall the exemption be allowed on alcoholic beverages in excess of one quart, or on tobacco in excess of 50 cigars, 200 cigarettes and two pounds of manufactured tobacco.

(2) In addition to the exemption provided for in part (1) of this item, a resident of Canada returning from a point beyond the continental limits of North America after an absence from Canada of not less than fourteen days may elect to avail himself of the following special exemption:

Goods valued at not more than $75 (not including alcoholic beverages, cigars, cigarettes or manufactured tobacco), acquired in overseas countries by residents of Canada during an absence from Canada of not less than 14 days and acquired by them for personal or household use or as souvenirs or gifts, but not bought on commission or as an accommodation for other persons or for sale, under such regulations as the minister may prescribe, British preferential, free; most favoured nation tariff, free; general tariff, free.

All goods admitted under the foregoing special exemption shall be declared by the resident at the time of his return to Canada, and any person who has availed himself of the special exemption is not entitled to any further exemption under item 703b within a period of 12 months from the date the last special exemption was allowed.

Goods entitled to entry under this tariff item shall be exempt from all imports, notwithstanding the provisions of this act or any other act.

Mr. Dinsdale: Mr. Chairman, I am pleased to see statutory provision being made for the changes in the tourist exemptions. This is part of a program encouraged by the former administration to take the greatest advantage of the tourist industry. For a long time there was a failure to appreciate the economic significance of this important industry. I know my hon. friend the Minister of National Revenue has always taken a keen interest in this subject but there is still some scepticism concerning the importance to the Canadian economy of this industry, particularly in relation to its impact on the exchange situation. I wonder whether the minister has any projections as to the possible impact this will have on the exchange situation in the ensuing year?

Mr. Gordon: Perhaps the hon. member was not in the house when I gave this information in introducing this resolution. I included a fair amount of detail. If he would like me to repeat it I will but he will find it all in *Hansard*.

Mr. Dinsdale: If the minister gave these projected figures I will see them in *Hansard* tomorrow.

Mr. Gordon: I did give them in some detail.

Mr. Leboe: With regard to the balance of payments position, is the minister not thinking primarily of the United States in connection with these items? I believe the influence of imports from Japan and Germany has had an effect with regard to price.

Mr. Gordon: I referred to the effect on the balance of payments, and our major problem here is with the United States. The big item in the tourist expenditures would be with the United States, although the tourist expenditures in other countries would have some bearing.

Mr. Leboe: Would it not be true that imports of a good many things tourists buy in the United States can now be obtained at lower cost, shall we say, from other places as well, and these imports would affect this matter as much as the $25 limit?

Mr. Gordon: I do not think so. I think the expenditures which tourists made a few years ago primarily in the United States were substantial. They are not spending their money in the United States to the same extent now. They are spending it in Canada or saving it, I do not know which. To the extent they are spending it in Canada, most of it would be spent, I would suspect, on Canadian manufactured goods, although some would be spent on imported goods too.

Item agreed to.

Resolution agreed to.

Resolutions 5 to 6 agreed to.

The Chairman: We will now consider the resolution respecting the customs tariff surcharge on imports order.

Resolved,—That it is expedient to introduce a measure in the following terms:

1. The order of His Excellency the governor in council of the 24th day of June, 1962, expressed to

be made pursuant to subsection (1) of section 4 of the Customs Tariff and pursuant to section 22 of the Financial Administration Act, shall be deemed for all purposes to have had the same force and effect as if it had been validly made on that day pursuant to an act of the parliament of Canada that authorized the making of that order.

2. All rates of customs duties more favourable than those of the general tariff, and the benefit of any tariff more favourable than the general tariff, expressed to be withdrawn by the order mentioned in section 1, shall be deemed to have been restored on the 1st day of April, 1963, and from and after the 1st day of April, 1963 the rates so restored and any tariff the benefit of which is so restored shall, subject to the provisions of the Customs Tariff, apply as they applied immediately before the 25th day of June, 1962.

Resolution agreed to.

Resolutions reported and concurred in.

CUSTOMS TARIFF

Hon. Walter L. Gordon (Minister of Finance) moved for leave to introduce Bill No. C-87, to amend the Customs Tariff.

Motion agreed to and bill read the first time.

Mr. Deputy Speaker: When will the said bill be read the second time?

Mr. Pickersgill: Now, by leave.

Mr. Nowlan: By leave.

Mr. Gordon moved the second reading of the bill.

Motion agreed to and bill read the second time.

Mr. Deputy Speaker: Mr. Gordon moves that I do now leave the chair—

Mr. Pickersgill: Mr. Speaker, we would not attempt to go into committee tonight on the bill. Perhaps we should now proceed to the first reading of the other bill.

Mr. Deputy Speaker: When shall the said bill be considered in committee of the whole? Next sitting of the house?

Some hon. Members: Agreed.

FINANCE

LEGISLATION RESPECTING SURCHARGE ON IMPORTS ORDER

Hon. Walter L. Gordon (Minister of Finance) moved for leave to introduce Bill No. C-88, respecting an order of His Excellency the Governor General in Council entitled the surcharge on imports order, and to restore certain rates of customs duties and tariff benefits expressed to be withdrawn thereby.

Motion agreed to and bill read the first time.

[The Chairman.]

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

Mr. Pickersgill: Now, by leave.

Mr. Cameron (Nanaimo-Cowichan-The Islands): Next sitting of the house.

Mr. Deputy Speaker: Next sitting of the house.

Mr. Pickersgill: I wonder, in the circumstances, whether the house would consider going into committee tonight on the Customs Tariff. Of course, the bill is identical with the resolutions we have just debated. It might be we would dispose of it in the time remaining to us. There really is nothing new to it. Perhaps there would be general consent to do that.

Some hon. Members: Agreed.

Mr. Monteith: I feel that probably we would like to look at this bill. I know that if it is as suggested by the leader of the house it would pass in no time at all tomorrow.

BUSINESS OF THE HOUSE

Mr. Pickersgill: We have made very good progress today and I should like to express appreciation to all hon. members for their co-operation, as well as to certain hon. members in particular for some of the most fervent and extraordinary oratory we have heard in this chamber for a long time.

With respect to the bill we have just finished discussing, I think it would be better to leave it, now, until Friday because, notwithstanding what I announced last night, we would like, tomorrow—and I have spoken to the representatives of the parties opposite about this—to go back to the economic council bill and see if we cannot complete it tomorrow afternoon. This would mean a good deal of progress toward the goal which I think we all have in mind. Then we would come back and start afresh on the budget resolutions on Friday, with the resolution on the income tax. On Thursday, of course, we take the resolution on the Canada pension plan bill.

Mr. Nowlan: Can the leader of the house give us any indication of the order in which we shall deal with the other budget resolutions? I am thinking of the sales tax, for example. I have in mind the convenience of other hon. members. I am not speaking for myself.

Mr. Pickersgill: Subject to consultation with hon. members opposite we would perhaps take a few minutes at the beginning of our time on Friday to finish off the Customs Tariff, if I hear from hon. gentlemen that it

is really a formality. This would give us something to send to the other place. Then we would go on with the income tax resolution on Monday, if we did not finish it on Friday, until it was completed. Immediately thereafter we would take the excise tax or the sales tax—it is the same thing—until it was completed. Then there are, of course, the bills which follow these two.

Mr. Gregoire: Can the Secretary of State tell us why it should be desired to begin the resolution on pensions before the federal-provincial conference has met? I think that matter should be dealt with only after that conference has been held.

Mr. Pickersgill: Is the hon. gentleman referring to the Canadian pension plan?

An hon. Member: Yes.

Mr. Pickersgill: There is no thought of proceeding with that measure beyond the stage where hon. members would have had an opportunity to debate the general scheme which the government has in mind. The purpose of this, as outlined in the Prime Minister's letter to the premiers, was to make the scheme public so that there would be something to discuss at the conference. It is precisely so that we would not be in contempt of parliament that we wish to bring this forward at the present time. It would not be proceeded with. It would just be exposed here and hon. members would have an opportunity to say something about it. It would then be available for the conference to discuss.

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

HOUSE OF COMMONS

Wednesday, July 17, 1963

The house met at 2.30 p.m.

PRIVILEGE

MR. WOOLLIAMS—REFERENCE TO STATEMENT BY SECRETARY OF STATE

Mr. Eldon M. Woolliams (Bow River): Mr. Speaker, I rise on a question of privilege concerning a matter that is found on page 2234 of *Hansard*. My question of privilege, stated briefly, is that I suggest with the greatest respect that the Secretary of State misinformed the house yesterday, and did it deliberately, in respect of a question that I put to the Minister of Citizenship and Immigration.

I should like to review the facts relating to this question of privilege. My question was this:

> Is it not a fact that Banks was admitted to Canada by a special order in council of the previous government?

Then the Secretary of State said:

> That is not a fact.

I did not have the facts with me at the time because the report of Mr. Justice Norris had just come out. I did just mention that at the time. I shall read the question of privilege I raised then:

> On a question of privilege, the Secretary of State denied an assertion which I made a few minutes ago, but I have now found the reference in support of what I had to say. I wish to read from page 312 of the report of the industrial inquiry commission on the disruption of shipping:
>
> "The order in council of July 6, 1954, which authorizes Banks' admission to Canada, was based on the fact that there was satisfactory evidence of his rehabilitation. He was granted status as a landed immigrant."

Then the Secretary of State compounded and made much graver an already grave situation because as the minister of citizenship and immigration of the former Liberal government he should have known the facts. This is what he said:

> It is correct that after Mr. Banks came to live in Canada he was given the status of a landed immigrant, but he was first admitted to Canada, it seems to me, immediately after the war and not at that time.

My question of privilege is this. This is a misstatement of fact. As the former minister of citizenship and immigration in the Liberal administration, the minister knew that a person is legally admitted to Canada when he is granted landed status. I am sure the minister was aware of that. I should like to refer to section 5 of the Immigration Act, chapter 325 of the revised statutes of Canada, which reads as follows:

> No person, other than a person referred to in subsection (2) of section 7, shall be admitted to Canada if he is a member of any of the following classes of persons:

Then paragraph (d) definitely affected Banks' admission to Canada, and it reads as follows:

> Persons who have been convicted of or admit having committed any crime involving moral turpitude, except persons whose admission to Canada is authorized by the governor in council upon evidence satisfactory to him...

At that time the Liberal government—that was in July, 1954—passed a special order in council admitting Banks to Canada. I suggest in this question of privilege that if that order in council were now rescinded Banks would go back from whence he came. I say the minister committed a grave misrepresentation when he misrepresented the fact that it was his government which brought Banks into Canada.

Hon. J. W. Pickersgill (Secretary of State): Mr. Speaker, I think what the hon. gentleman has said is perhaps good evidence of the desirability of certain hon. members of the house—and I am not referring to the hon. gentleman but to myself—keeping their mouths shut. What I said was literally quite correct, that Mr. Banks was in Canada and had been in Canada for quite some time, at the time that order in council was passed. Therefore in the normal sense of the word he was not admitted, because he was here. He had been admitted as a visitor a number of years before, and had been living in Canada for several years before this question that he should be given the status of a landed immigrant came up.

I do think that when the hon. gentleman brought the matter up on a question of privilege yesterday, I explained quite accurately what the situation was. I had no intention whatsoever of misleading the house, and if in any way I did in fact mislead any hon. member of the house, or any other person in Canada, I apologize; and I accept my full share of responsibility for the order in council that was passed in 1954.

(Translation):

CORRECTION IN THE "PARLIAMENTARY GUIDE"

Mr. Vincent Drouin (Argenteuil-Deux-Montagnes): Mr. Speaker, I rise on a question of privilege. I regret that the hon. member for Shefford (Mr. Rondeau) is not in the house, because my question concerns him. However, I should think that it will be possible for him to read my remarks in the official record and then he can give the necessary explanation.

I should like to bring to the attention of the house a fact which reflects on the honour and pride of all members sitting on this side. Indeed, it is with amazement that my colleagues and I read the curriculum vitae published at page 258 of Mr. Normandin's Canadian Parliamentary Guide, 1963 edition. Under Mr. Gilbert Rondeau's name, one reads, among other things:

Mem. cercles Lacordaire, St. Jean Baptiste society, league of the Sacred Heart and chamber of commerce. First elect. H. of C. at g.e. 1962. Pol. party, Liberal.

I can understand that the hon. member wishes to be taken for a Liberal, because it is not the only effort he has made to that effect. But I should like him to know that such a desire is not shared by all members in this house.

Besides, the thousands of people who voted for the Liberal candidate in the Shefford riding did so because they wanted—just like all of us, by the way—Mr. Gerard Lacaille to sit in the House of Commons.

I raised that matter, Mr. Speaker, so that this untrue statement does not appear in the 1964 Parliamentary Guide. As far as I am concerned, I propose to write to the editor, Mr. Normandin, this afternoon, so that he will make the necessary correction on page 258 of the Parliamentary Guide and inform all subscribers.

Mr. Gilles Gregoire (Lapointe): I rise on a question of privilege, Mr. Speaker. Since this matter concerns one of our colleagues who is at the present time seriously ill in bed, it is proper that I should make a corrective statement on his behalf.

(Text):

Mr. Speaker: Order, please. I think it is up to the hon. gentleman concerned to speak for himself and not to have one of his colleagues speak for him. Questions of privilege are supposed to be very rare. They are very precious to the house, and I would leave the matter there. We have listened with interest to the statement of privilege. Perhaps it was a bit overstated; nevertheless I think we should leave it there.

Mr. Gregoire: On a point of order, Mr. Speaker, I would like to rise on this question because our colleague is sick at home and cannot be here to express his opinion of the matter just raised by the hon. member for Argenteuil-Deux-Montagnes (Mr. Drouin).

Mr. Speaker: Order. I think the hon. member has already accomplished his purpose, so may I suggest we proceed.

(Translation):

[*Later:*]

On the orders of the day:

Mr. Gilles Gregoire (Lapointe): Mr. Speaker, I should like to direct a question to the Minister of Justice.

Does he intend to take the necessary steps to prevent the members of the house from being publicly and falsely called Liberals against their will, in spite of the truth and in opposition to their ideas?

Hon. Lionel Chevrier (Minister of Justice): Mr. Speaker, the hon. member has raised a question of privilege. Unfortunately, the hon. member for Lapointe who a moment ago was out of order and was called to order, is trying to ask a question and obtain a reply which I am unable to give him, since it deals with a question of privilege.

(Text):

MISCELLANEOUS PRIVATE BILLS

FOURTH AND FIFTH REPORTS OF STANDING COMMITTEE

Mr. Ian Grant Wahn (St. Paul's) presented the fourth and fifth reports of the standing committee on miscellaneous private bills.

Mr. G. H. Aiken (Parry Sound-Muskoka): Mr. Speaker, in connection with the report just presented I move, seconded by Mr. Cooper:

That Bill No. S-15 as reported be referred back to the committee on miscellaneous private bills for reconsideration.

Mr. Speaker: I regret having to tell the hon. member, who discussed this matter briefly with me before the opening of the house, that in my opinion, while I understand his concern, the proper time for moving this motion is not now, because in effect there is no bill before the house; there is no motion to concur in this report. Therefore I suggest to him that the proper time is during the private bills period between five and six o'clock on Thursday, which is tomorrow. I think that is the time the hon. member should present his motion, if the bill is then before the house.

Mr. Aiken: Mr. Speaker, on the point of order which you have just raised, and in connection particularly with the last remark of Your Honour, the bill—

Mr. Speaker: Order. I am sorry to interrupt the hon. member again, but I was not making a point of order; I was making a ruling. The hon. member perhaps should have listened a little more attentively or closely to that ruling.

Mr. Aiken: Mr. Speaker, am I not to be permitted to set out my point of order—

Some hon. Members: No.

Mr. Aiken: —because I am going to state that under the rules, especially standing order 110, this bill will not be placed on the order paper. I refer particularly to standing order 110, the last part of which says:

—and no bill, the preamble of which has been reported as not proven, shall be placed upon the orders of the day unless by special order of the house.

This would prohibit the bill in question being placed upon the orders of the day on private members' hour. Therefore if it is the ruling of the Chair that I may discuss the matter on private members' hour tomorrow afternoon at five o'clock, I am quite satisfied to do that. But I want to raise the question now because I do not want to be met tomorrow afternoon with the statement that the bill is not on the order paper, and under standing order 110 it cannot be put on the order paper. If Your Honour would permit me to enlarge upon this point, I would like to draw the situation to the attention of the house.

Mr. Speaker: I thank the hon. member. I realize his concern, and perhaps properly so. I have not sufficient details upon which to really decide the matter at the moment. May I suggest that this matter be postponed until tomorrow; that in the interval I have the opportunity of going into the matter and, if necessary, speaking with the hon. member and reaching a just and proper conclusion.

Mr. Aiken: I am quite happy to accept your ruling, Mr. Speaker. I have quite a number of authorities which I do want to present to the house.

HIGHWAYS

CONSULTATION WITH PROVINCES RESPECTING NATIONAL POLICY

Hon. J. P. Deschatelets (Minister of Public Works): Mr. Speaker, on July 15 the Prime Minister indicated that I would make a statement as the result of a meeting which he and I had with a delegation from the Yellowhead route association. On July 12 the Prime Minister and I received a brief from the Yellowhead association which was presented in person by Mr. William Hawrelak as president of that association.

National Highway Policy

The brief made two main points; one, to request the federal government to establish a policy on federal aid to the provinces for the construction of main highways; and second, to recommend that in any such federal aid provision be made for the construction of the Yellowhead route as early as possible. In the past few weeks the government has received other delegations and briefs requesting that we take some action on the formulation of a national highway policy.

In reply to questions from hon. members I recently reported in this house that I had been in touch with the ministers of highways of all provinces to make arrangements for meetings between the provincial officials and officials of my department. I should like to advise the house that the purpose of these meetings with the provincial officials is to collect information, construction schedules and possible problems on the present federal-provincial highway projects as well as to receive suggestions from the provinces on what they felt would be the role of the federal government in the highway field. Over the years the federal government has received a variety of proposals for extending the federal-provincial highway arrangements, and as might be expected the desires of all areas were not always the same. The present review is to gain a picture of the provincial thinking at this stage.

I am in a position to report that discussions have taken place with the provinces of New Brunswick, Prince Edward Island, Ontario and in Quebec, where at this stage time has permitted dealings with only the trans-Canada highway. Discussions are at this date taking place in St. John's, Newfoundland and on the 19th in Halifax, Nova Scotia. Discussions with the western provinces are planned to start July 25.

It is our intention, once information has been collected and reviewed by the government, that I will have discussions with the ministers of highways, when we could discuss policies, but with the information obtained, based on a factual background of programs and possible expenditures. Once this has been done it is our intention to have a federal-provincial conference which would give consideration to a relationship between the federal and provincial governments in the highway field. It is hoped, subject to the reaction of the provinces, that this conference could take place this fall.

With reference to the question of the hon. member for Edmonton West (Mr. Lambert) in connection with the request for a second trans-Canada highway, I wish to say that this can be dealt with only after consultation with the provinces.

National Highway Policy

Right Hon. J. G. Diefenbaker (Leader of the Opposition): Mr. Speaker, I am glad to hear that the Minister of Public Works intends to consult with the provinces in respect to this very important question. Indeed, the matter of assistance on the part of the federal government to the provinces for road building goes back, as I recall it, to 1919, when under the government of Right Hon. Arthur Meighen provision was made for some $20 million assistance in this connection.

The convening of the conference is a worthy step. It is necessary and is in keeping with the responsibilities which are inherent in our constitution. However, as to the question of the Yellowhead highway, extending from Portage la Prairie through Edmonton to the Yellowhead pass, I would point out that there seemed to be general agreement on this during the election campaign. The Prime Minister, as I recollect it, agreed on behalf of his party that this was one thing that would be done. I followed a similar course, and had somewhat earlier believed this to be a matter of national importance in the building and the strengthening of the fabric of confederation. I hope this route receives early attention.

Mr. Bert Leboe (Cariboo): We are pleased to have this report from the minister, and we are looking forward to the results of the proposed meeting with the various provincial governments in connection with this important matter. For a number of years we have been advocating a national highway system for Canada, and I would hope that in consequence of the broad policy which may come out of these meetings such a system of highways would be forthcoming. The participation of the national government must, I think, reflect the arrangements made with the provinces on fiscal matters. If the government of Canada is taking the lion's share of taxes it must naturally take on additional responsibilities.

Regarding the Yellowhead route, we are aware there is some confusion as to where the second trans-Canada highway may go after it passes Jasper. It has been proposed that it should turn south to Kamloops and on to Vancouver, but I should like to point out that its location should be what is known as highway 16 through to Prince Rupert down the highway which will be built simultaneously, as the province of British Columbia has stated on more than one occasion, with the highway through Tête Jaune Cache down through Blue River.

We are very interested in this project and are hoping for some real progress in connection with a highway system in Canada.

[Mr. Deschatelets.]

Mr. T. C. Douglas (Burnaby-Coquitlam): The Minister of Public Works is to be commended for taking the preliminary step of calling together the ministers of highways of the various provinces of Canada to discuss the matter of a second trans-Canada highway. Several of the provinces have completed their portions of the first trans-Canada highway. In some cases the work was completed several years ago. They are now anxious to proceed with a second highway, and if one takes account of the increasing motor traffic in Canada one can realize how urgently it is required.

I hope two other matters will be discussed at this conference. The first is the possibility of north-south traffic of an international character. If the tourist trade is to be encouraged there should be a tremendous improvement in the highways which bring in tourist traffic. This is too large a burden for the provinces themselves to assume and it might well become a joint project. The other matter concerns the maintenance of these highways. At the present time the entire cost of maintenance falls on the provincial governments. When there was only one trans-Canada highway they could meet it, but if there is to be an enlarged area of federal participation in highway construction it seems to me some plan should be worked out for joint participation in responsibility for maintaining these roads.

[*Later:*]

On the orders of the day:

Mr. J. H. Horner (Acadia): Mr. Speaker, I would like to direct a question to the Minister of Public Works with regard to the statement he made this afternoon on the proposed national highway policy. Has he received representations with regard to the Howse pass from the people promoting this very favourable route through the central part of Alberta as part of a second trans-Canada highway?

Mr. Speaker: Order. I am sure the hon. member realizes this is a question for the order paper.

(Translation):

GOOD FEELING BETWEEN THE PROVINCES AND OTTAWA

On the orders of the day:

Mr. L. J. Pigeon (Joliette-L'Assomption-Montcalm): Mr. Speaker, could I put a question to the Minister of Public Works? During the recent talks with the provinces of Quebec and New Brunswick concerning the trans-Canada highway, was any mention made of

greater flexibility in the application of joint programs by giving an option to those provinces?

Hon. J. P. Deschatelets (Minister of Public Works): Mr. Speaker, we have only reached the stage of consultation with the provincial ministers of highways. When the necessary data have been collected, a conference will be called and decisions will be taken in a spirit of mutual understanding, for, as the hon. member must know, the provinces have fully recovered their freedom since April 8.

Mr. Pigeon: May I ask a supplementary question, Mr. Speaker? Is the announcement made by the President of the Privy Council (Mr. Lamontagne) to apply also to the provinces, as far as the money being granted is concerned, if they do not want to participate?

Mr. Deschatelets: Mr. Speaker, there are in the Liberal platform planks which relate to joint programs; as the hon. member knows, we intend to keep our promises.

(Text):

RIGHTS OF WAY FOR TRUNK HIGHWAYS THROUGH NATIONAL PARKS

On the orders of the day:

Mr. Bert Leboe (Cariboo): Mr. Speaker, I have a question for the Minister of Public Works, but I notice he stepped out of the chamber just a moment ago and perhaps it could be taken as notice. Could the question of providing right of way for trunk highways through national parks be put on the agenda of the meeting with the provinces which the minister mentioned in his statement on motions?

Hon. J. Watson MacNaught (Solicitor General): Mr. Speaker, I shall refer that question to the Minister of Public Works, who had to leave to catch an aeroplane.

BUSINESS OF THE HOUSE

PROCEDURE IN ANSWERING QUESTIONS ON ORDER PAPER

Hon. J. W. Pickersgill (Secretary of State): Before questions are called, may I say I have had a word with the spokesmen of the parties opposite and the opinion has been expressed that a good deal of the time of the house might be saved during the question period if it were indicated in advance just which questions on the order paper were being answered and which were being made orders for returns, so that Your Honour would only have to call the starred questions. With the approval of the house I am in a position to do that today. This is only to be undertaken as an experiment between now and such time as we adjourn, to see whether it does in fact facilitate the business. If there is no objection I will proceed to do that, but if there is any objection we will proceed, of course, in the normal way.

Right Hon. J. G. Diefenbaker (Leader of the Opposition): Mr. Speaker, I do not rise to object, but I have a suggestion I thought I might place before the house if I may be permitted to do so at this time. I suggest that each day questions come before the house the Secretary of State as government house leader, should notify the Speaker of those that will be stood and those that will be answered. I think that will save a great deal of time. The suggestion now made by the Secretary of State will receive full support, and I hope he will go even further. There is a great deal of time wasted in calling each day the numbers of questions that are stood for various reasons, generally for good reasons, but which none the less has the result of creating a very unsatisfactory situation from the point of view of getting on with the business.

Mr. Pickersgill: I thank the right hon. gentleman for his remarks. The questions that are being answered on behalf of the government are 421, 625, 763, 840, 868, 879, 887, 888, 889, 899, 902, 908, 910, 911, 930 and 933. There are no questions to be made orders for returns today, and if Your Honour will simply call the starred questions I should like to have the rest of the questions stood today.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

EXPENDITURES ON WATER SYSTEM, HARTLEY BAY, B.C.

Question No. 421—**Mr. Howard:**

Since March 31, 1950, has any money been expended for a water system at the Indian village of Hartley Bay, B.C., and, if so, for each fiscal year since that time, what amount of money was so expended for (a) materials (b) travel expenses (c) wages to government officials (d) wages to Indians (e) wages to any contractor's employees (f) miscellaneous, and (g) total?

Mr. Munro: Yes.

Questions

Year	(a) Materials	(d) Wages to Indians	(e) Contracts	(f) Misc.	(g) Total
1950-51	nil	nil	nil	nil	nil
1951-52	nil	nil	nil	nil	nil
1952-53	$ 6,274.66	$ 290.00	nil	$ 240.00	$ 6,804.66
1953-54	1,475.82	6,460.80	$ 68.00	51.30	8,055.92
1958-59	2,349.15	1,887.23	nil	nil	4,236.38
1959-60	690.59	300.00	nil	nil	990.59
1960-61	1,205.12	3,000.34	nil	668.00	4,873.46
1961-62	827.33	450.38	nil	nil	1,277.71
1962-63	1,026.00	384.82	126.00	60.00	1,596.82
	$13,848.67	$12,773.57	$194.00	$1,019.30	$27,835.54

(b) and (c) Travel expenses and salaries of government officials are not apportioned to individual projects.

SPECIAL ASSISTANT TO MINES MINISTER

Question No. 625—**Mr. Fisher:**

1. Has the Minister of Mines and Technical Surveys taken an executive assistant or a special assistant on staff and, if so, what is this person's name, age, place of birth, institutions of education and educational qualifications, governmental or business experience (position held, length of experience, name of firm) and initial and present salary with the government?

2. What length of time has this assistant undertaken to serve the minister and/or what engagement in length of time was given to the assistant by the minister?

3. In brief, what particular qualities of this assistant led the minister to engage him?

Mr. Benidickson: 1. Yes, an executive assistant and a special assistant. Name of executive assistant: Mr. Orval J. T. Troy. Age: 39 years. Place of birth: Woodstock, New Brunswick.

Institutions of education and educational qualifications: Dalhousie University and Dalhousie law school, LL.B. 1951. Member of Nova Scotia barrister's society.

Experience: Royal Canadian Air Force—1942-1945. From 1945-63, news writer, Canadian Broadcasting Corporation; private law practice; executive director, Nova Scotia Liberal association.

Initial and present salary: $10,000 per annum.

2. No length of time specified.

3. Educational and legal background and experience.

1. Name of special assistant: Mr. J. Lloyd Pelot. Age: 35 years. Place of birth: Ottawa, Ontario.

Educational qualifications: Ontario senior matriculation.

Experience: employee of Department of Mines and Technical Surveys since 1947. Now on temporary loan from departmental staff.

Salary: $6,450.

2. Temporarily—no length of time specified.

3. His experience and knowledge of the department and likely help to minister, all members of parliament and departmental officers.

PERSONS SENTENCED TO PREVENTIVE DETENTION

Question No. 763—**Mr. Howard:**

With respect to the 68 persons referred to in the answer to question 420, who are serving sentences of preventive detention (a) how many are known to be narcotic addicts and (b) what is the age of each (i) by provinces and (ii) length of detention by years?

Mr. Chevrier: (a) 7. Ontario, 1; Manitoba, 4; British Columbia, 2.

(b) (i) and (ii)—see following tables.

(b)—(i) AGE OF EACH INMATE BY PROVINCES

	N.B.	Que.	Ont.	Man.	Sask.	B.C.	Total
20 years			1				1
25 years			1				1
26 years				1		1	2
27 years	1						1
28 years						1	1
29 years			2				2
31 years			1				1
32 years	1						1
33 years			1				1
34 years					1	1	2
35 years	1						1
36 years					1		1

Questions

(b)—(i) AGE OF EACH INMATE BY PROVINCES

	N.B.	Que.	Ont.	Man.	Sask.	B.C.	Total
37 years	1		1	1	1		4
38 years					2	3	5
39 years		2	1	1		2	6
40 years						1	1
41 years					1	1	2
42 years		1			1	1	3
43 years		1					1
44 years			1	1	1		3
45 years			1		1	2	4
46 years			1	1		1	3
47 years			1		1		2
49 years			1	1			2
50 years			1				1
51 years					1		1
52 years				1		2	3
53 years				1			1
54 years			2				2
56 years					1		1
58 years	1						1
59 years	1						1
60 years	1		1				2
61 years			1			1	2
64 years						1	1
65 years						1	1
	7	4	18	8	12	19	68

(b)—(ii) LENGH OF DETENTION BY YEARS

	N.B.	Que.	Ont.	Man.	Sask.	B.C.	Total
less than 1 year		1	5	1		2	9
1 year	2		2		4	5	13
2 years	2	1	2	1	2		8
3 years	1	1				1	3
4 years	1		1	1		2	5
5 years		1				3	4
6 years					3	1	4
7 years	1		4	1		1	7
8 years				2	1		3
9 years			2		1	1	4
10 years			1			2	3
11 years				2	1		3
12 years			1				1
13 years						1	1
	7	4	18	8	12	19	68

USE OF URANIUM IN ALLOYS

Question No. 840—**Mr. Martineau:**

1. Is the Department of Mines and Technical Surveys carrying on any tests to determine the effect of uranium as an alloy in uranium steel alloy drills and with uro-steel pipe, cord and cable?

2. Is the department studying possible uses for uranium in alloys with both ferrous and non-ferrous metals and, if so, what have been the results of such tests and studies?

Mr. Benidickson: Mines branch staff in co-operation with industry are pursuing a broad program of research and development on the use of uranium as an addition agent to metals and alloys. Although very comprehensive work on the utilization of uranium in steel has been accomplished with favourable results, particularly in the refining of steel and the production of drill rod material and steel alloys for pipes, it cannot be said at this stage that a major breakthrough resulting in commercial acceptance has been achieved.

The addition of uranium to non-ferrous metals provides a refining action resulting in properties such as the improved hot workability of copper, nickel, and their respective alloys.

Briefly, it can be said that although it is too early to fully evaluate the results of studies carried out in the mines branch laboratories, there are hopeful indications that uranium is moving toward a significant non-nuclear role in industry.

WIRED TELEVISION SYSTEM, GERALDTON, ONT.

Question No. 868—**Mr. Fisher:**

1. Has the Department of Transport licensed a wired television system in Geraldton, Ontario, and, if so, when, and to what organization (address, officers, etc.)?

2. Has the D.O.T. checked this cable system at any time to discover if radiation from it may be affecting T.V. signals coming to residents using aerials, and, if so, when, with what results, and interpretations?

Mr. McIlraith: 1. Two community antenna television systems have been licensed in Geraldton, Ontario:

(i) Mr. Harry Assad—P.O. Box 1, Geraldton, Ontario, first licence issued April 29, 1960.

(ii) Marino Hardware and Electric Co. Ltd., Box 14, Geraldton, Ontario, first licence issued April 9, 1962.

2. Yes, however, any difficulty in the reception of programs at Geraldton seems to be one of distance to the nearest television broadcasting station rather than one of interference. Geraldton is approximately 140 miles from Port Arthur and 215 miles from Marquette and accordingly it is outside the normal service area of stations WLUC-TV Marquette, Michigan and CFPA-TV Port Arthur, Ontario.

Normally the coverage for a fullpower television broadcasting station with a 500 foot antenna is considered to be out to a 57 mile radius for the low VHF band, channels 2 to 6. Satisfactory reception may be expected within this coverage area with a good outdoor antenna. Beyond this area it may be possible to locate sites, usually on relatively high ground, where television signals may be received with sufficient strength for satisfactory reception, provided a more elaborate receiving antenna and a properly aligned receiving set is used.

In some locations reception may be satisfactory on a long term basis, while at others it may be satisfactory for a while and then disappear completely for varying periods of time. These variations in reception are caused by the normal propagation characteristics of the frequencies used for television broadcasting and reception becomes more sporadic as the distance between the receiving antenna and the transmitting antenna is increased.

[Mr. Benidickson.]

Mr. Harry Assad's system was inspected, following complaints, on March 28 and 29, 1962. There was some radiation at that time which was caused by the cable being repeatedly broken, by large trucks, during the winter and proper repairs could not be made due to the wintertime weather conditions. Mr. Assad was informed about appropriate corrective action to be taken. Departmental records indicate no complaints have been received since March 1962.

EXERCISE TOCSIN B

Question No. 879—**Mr. Douglas:**

1. Was exercise Tocsin B carried out in the fall of 1961?

2. If so (1) how many Soviet bombers were assumed to have taken part in this simulated attack (2) how many (a) H-bombs and (b) missiles were assumed to have landed on target in (i) Canada (ii) U.S.A. (3) how many (a) H-bombs and (b) missiles were assumed to have landed off target in (i) Canada (ii) U.S.A. (4) what was the megatonnage of the H-bombs and missiles which were assumed to have landed (a) on target (b) off target in (i) Canada (ii) U.S.A. (5) what percentage of (a) bombers (b) missiles were assumed to have been destroyed by the active air defences of NORAD (6) how many Soviet nuclear missile firing submarines were assumed to have taken part in this simulated attack, and how many missiles were they assumed to have fired (7) how many people were assumed to have been (a) killed (b) wounded in this simulated attack in (i) Canada (ii) U.S.A.?

Mr. Drury: 1. Yes.

2. (1) As the exercise did not involve interceptor forces it was not necessary to assume any specific number of enemy bombers.

(2) In order to engage the emergency measures and survival operations systems fully, the exercise plan called for 11 H-bombs and six nuclear warhead missiles to be assumed to have been detonated in specific areas in Canada. A total of 55 H-bombs and nuclear missiles were assumed to have been detonated on targets in the U.S.A., which would have been immediately important to Canada.

(3) It was not necessary for the purposes of this exercise to assume any off target detonations.

(4) (a) (i) 75; (a) (ii) 960; (b) (i) and (ii) not applicable.

(5) As the exercise was not designed to test air defences, no assumptions in relation to aircraft or missile destruction were necessary.

(6) The exercise setting did not differentiate between types of missile delivery.

(7) It was calculated that detonations of the character postulated in the areas chosen would have resulted in 2,215,000 dead and 1,591,000 injured in Canada. No calculations were made in relation to the U.S.A.

NET FARM INCOME

Question No. 887—**Mr. Matheson:**

What is the average net realized income of Canadian farm operators from farming operations, in constant dollars, for the year 1956 and the year 1962, using the index of prices of commodities and services used by farmers, including farm living costs, for converting the net income figures to constant dollars?

Mr. Sharp: The following estimates of total realized farm net income from farming operations, in terms of constant dollars, have been prepared for Canada as prescribed in question 887. They are in terms of 1956 dollars: 1956, $1,238,093,000; 1962, $1,258,000,000.

It should be kept in mind that these estimates represent income from farming operations and do not include any income which farmers may have realized from off-far sources.

In order that averages may be calculated, the following information is provided:

1. Number of farms in Canada [1]

On the basis of the 1956 census definition of a farm, there were 572,666 farms in Canada in 1956. For that census, a farm was defined as a holding on which agricultural operations were carried out and which was:

(a) three acres or more in size, or (b) from one to three acres, and with the agricultural product, in the calendar year prior to the taking of the census, valued at $250 or more.

On the basis of the same definition, there were 518,250 farms in Canada in 1961. However, the definition of a farm for the 1961 census of agriculture was changed and for that census a farm was defined as a holding of one acre or more with sales of agricultural products, during the 12 months preceding the taking of the census, valued at $50 or more. On the basis of this definition, the number of farms in Canada in 1961 amounted to 479,125.

2. Number of farmers

From the above definition, it is apparent that there are many farms enumerated by the census which are operated by those who would be classified as other than farmers. Consequently, estimates are supplied concerning the number of farmers in Canada, as determined by the dominion bureau of statistics' labour force survey. This survey reported 534,000 farmers at June 1956 and 415,000 at June 1962.

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[1] Numbers of farms in Newfoundland, Yukon and Northwest Territories have been omitted in this instance, because the dominion bureau of statistics does not prepare farm income estimates for these regions.

FEDERAL TRANSFER PAYMENTS

Question No. 888—**Mr. Matheson:**

What was the proportion of federal transfer payments (a) including interest on the public debt and (b) excluding interest on the public debt, as a proportion of total personal income in each of the years 1956 to 1962 inclusive?

Mr. Sharp: (a) A ratio of federal transfer payments including interest on the federal public debt is not available as a precise breakdown of interest between the portion received by persons and that received by other sectors cannot be made from the data available.

(b) Federal transfer payments excluding interest on the federal public debt formed the following proportion of personal income in the years 1956 to 1962 inclusive:

1956, 5.6 per cent; 1957, 6.3 per cent; 1958, 7.7 per cent; 1959, 6.9 per cent; 1960, 7.2 per cent; 1961, 7.1 per cent; 1962, 6.9 per cent.

(Translation):

BANK OF CANADA BID FOR 1983 BONDS

Question No. 889—**Mr. Martineau:**

1. Has the Bank of Canada withdrawn its standing bid of $98.25 per $100 face amount on the Canada 4½ per cent 1983 bond and, if so, what is the reason for this withdrawal?

2. How has it affected the market for these and other Canada bonds?

Mr. Gordon: 1. and 2. There is nothing I can add to the reply I made to a similar question by the hon. member for Perth on the orders of the day for July 9.

(Text):

GRANTS TO AGRICULTURAL EXHIBITIONS

Question No. 899—**Mr. Gauthier:**

What amount has the Department of Agriculture paid in grants to the agricultural exhibition of Canada during the year ended March 31, 1963, and, of this amount, what part of these grants has been awarded the province of Quebec during the same period?

Mr. Hays: During the year ended March 31, 1963, an amount of $911,232 was paid to agricultural fairs and exhibitions, under the exhibition grants regulations, of which $142,173 was paid to associations in the province of Quebec. In addition, special grants as detailed in the estimates were paid to the Pacific national exhibition, Vancouver, and the Royal agricultural winter fair, Toronto, totalling $401,758.

PURCHASE OF LANDS AND BUILDINGS, AGRICULTURE DEPARTMENT

Question No. 902—**Mr. Gauthier:**

What amount has the Department of Agriculture spent for the purchase of lands and buildings during the year ended March 31, 1963, and, of this amount, what part has been spent in the province of Quebec?

Questions

Mr. Hays: The Department of Agriculture spent during the year ended March 31, 1963, $65,400 for the purchase of lands and buildings for programs, excluding those associated with P.F.R.A. activities. Of this amount, none was spent in the province of Quebec. Under P.F.R.A. activities, expenditures during the year for this item amounted to $369,261.00, largely for land required in connection with the south Saskatchewan dam reservoir.

AIRPORT BUILDING, LONDON, ONT.

Question No. 908—**Mr. Irvine:**

1. Is it the intention of the Minister of Public Works to build a new airport building in London, Ontario and, if so, at what stage are plans as of now, and what is the proposed completion date?
2. Have tenders been called for a new London airport building and, if so, has the contract been let, to whom, and for what amount?

Mr. McIlraith: 1 and 2. A new air terminal building will be erected at the London airport and working drawings for this building are in the final stages of completion. It is proposed to call tenders early in August and the optimum date for completion of the project is the midsummer of 1964.

(Translation):

ST. ALPHONSE DE GRANBY, QUE.—MAIL CONTRACT

Question No. 910—**Mr. Rondeau:**

1. Does Mr. Emile Fournier, St. Alphonse de Granby, hold a contract for mail delivery and, if so (a) since what date (b) what is its duration (c) what was the amount of his tender?
2. Were public tenders called and, if so (a) was public notice given of this call for tenders (b) where was such notice posted (c) for what length of time was it posted?
3. Were any other tenders submitted?
4. Is the closing date for such tenders now passed and, if not, what is the closing date?

Mr. Denis: 1. Yes, for St. Alphonse de Granby R.R. No. 1.

(a) The contract expired on June 30, 1963 and has been renewed, but the forms are not yet completed.

(b) The new four-year contract will expire on June 30, 1967.

(c) The amount of the contract is $1,557.62 per year.

2. No.

3. N/A.

4. N/A.

PUBLIC DEBT

Question No. 911—**Mr. Latulippe:**

1. What is the total amount, the per capita amount, and the amount per family, of the Canadian public debt?
2. What is the amount of the interest paid on this debt annually?
3. What is the total money supply in Canada in relation to the public debt?
4. What is Canada's contribution to the international monetary fund?

Mr. Gordon: 1. Canadian public debt, as at March 31, 1963 (preliminary): unmatured debt, $17,961.8 million; gross liabilities, $24,811.9 million; net debt, $13,937.1 million.

Per capita amount (population as at April, 1963): of unmatured debt, $953.08; of gross liabilities, $1,316.56; of net debt, $739.53.

Amount per family (number of families as at June 1, 1962): of unmatured debt, $4,237.27; of gross liabilities $5,853.24; of net debt, $3,287.83.

2. Interest paid on debt during 1962-63 (estimated): on unmatured debt, $709.0 million; on gross liabilities, $882.0 million.

3. Total money supply in Canada in relation to public debt (money supply as at March, 1963); 86 per cent of unmatured debt; 63 per cent of gross liabilities; 111 per cent of net debt.

4. No country makes a "contribution" to the international monetary fund. Every member country has, however, a "quota" in the fund on which its borrowing privileges and lending obligations are based. Canada's quota is 550 million U.S. dollars.

(Text):

GYPSUMVILLE, MAN., POST OFFICE

Question No. 930—**Mr. Stefanson:**

Is it the intention of the government to build a post office at Gypsumville, Manitoba, this year?

Mr. Denis: No.

U.S. SECURITY INVESTIGATIONS OF CANADIANS AT OXFORD UNIVERSITY

Question No. 933—**Mr. Howard:**

1. Since January 1, 1963, has the government received any reports of investigations by the federal bureau of investigation of the United States of America or any other so-called United States intelligence agencies, into the activities or politics of any person of Canadian citizenship attending Oxford University at Oxford in the United Kingdom?
2. If so (a) by whom were the investigations conducted (b) was any protest made by the government of Canada to the government of the United States, and what form did these protests take (c) are any steps being taken to prevent a recurrence of any such activities, and what are the details surrounding any such steps?

Mr. Martin (Essex East): 1. No.

2. Not applicable.

(Translation):

*JOINT PROGRAMS, QUEBEC

Question No. 804—**Mr. Valade:**

1. Does the federal government intend to pursue a policy of joint programs in the province of Quebec?
2. Has the province of Quebec officially asked the federal government to abandon the policy of joint programs?
3. Has there been an exchange of letters between the two governments on that matter?

Mr. Lamontagne: The position of the present government on that matter can be summed up as follows: if some provinces so desire, they should be able, without losing any money, to withdraw from joint programs already established which include regular expenses paid by the federal government. Ottawa will then grant those provinces a compensation equal to expenses incurred by them, by reducing its own direct taxes and increasing equalization payments.

As for the two other questions, I am informed that the answer is negative in both cases.

MOTIONS FOR PAPERS

APPOINTMENT OF ROYAL COMMISSION ON BICULTURALISM

Motion No. 48—**Mr. Frenette:**

That an humble address be presented to His Excellency praying that he will cause to be laid before this house a copy of any correspondence, documents or notes exchanged between the president of the privy council and the governments of each of the provinces in connection with the appointment, in the near future, of a royal commission on bilingualism and biculturalism.

Mr. Lamontagne: Mr. Speaker, I should inform the hon. member that no correspondence has been exchanged between the President of the Privy Council and the governments of each of the provinces regarding the appointment, in the near future, of a royal commission on bilingualism and biculturalism.

Motion agreed to.

FARM CREDIT CORPORATION, QUEBEC

Motion No. 51—**Mr. Langlois:**

That an order of the house do issue for a copy of all correspondence, telegrams, letters and other documents exchanged between the Minister of Agriculture or his assistant and all the representatives of the farm credit corporation in the Ottawa central offices and in the province of Quebec for the period from January 1, 1961, to July 1, 1963.

Mr. Tremblay: Mr. Speaker, in his motion, the hon. member asks for the production of documents exchanged between a minister of the crown and the chairman of a crown corporation. It is a well-established rule of the house that confidential documents exchanged between a minister and the chairman of a crown corporation are privileged and are not tabled in the house. After discussing the matter with the hon. member, I understand that he is willing to withdraw his motion.

Mr. Langlois: Mr. Speaker, I actually met the minister and agreed to withdraw the motion in its present form. On the other hand, if I am not satisfied with the replies given to me, I shall put on the order paper a further motion for the production of specific documents.

Motion withdrawn.

(Text):

CIGARETTE SMOKING

Motion No. 54—**Mr. McBain:**

That an order of the house do issue for a copy of all correspondence dated since April 22, 1963, received by the Minister of National Health and Welfare and officials of her department related to the subject of cigarette smoking; and also a copy of all correspondence dated since April 22, 1963, sent out by the Minister of National Health and Welfare and officials of her department covering the same subject.

Motion agreed to.

TELEPHONE CALLS TO WOOD, GUNDY COMPANY

Motion No. 58—**Mr. Aiken:**

That an order of the house do issue for a return for all bills, accounts or other papers showing the date of all telephone calls, including those made through the exchange or by direct dialing between April 22 and June 20, 1963 which passed between any minister of the government to or from his office (or residence, if charged to public expense) and Wood, Gundy & Company Ltd., Toronto, or any executive or officer of said company.

Motion agreed to.

TELEPHONE CALLS FROM PRIME MINISTER TO W. G. HARRIS

Motion No. 59—**Mr. Pigeon:**

That an order of the house do issue for a return for all bills, accounts or other papers showing the date of all telephone calls, including those made through the exchange or by direct dialing between April 22 and June 20, 1963, which passed between the Prime Minister or anyone on his behalf to or from his office (or residence, if charged to public expense) and W. G. Harris of Harris and Partners Ltd., Toronto, or other official or member of said company.

Mr. Pearson: Mr. Speaker, the hon. member will be disappointed to learn that there were no such telephone calls, so perhaps this motion could be dropped.

Mr. Speaker: The motion is dropped.

(Translation):

Mr. L. J. Pigeon (Joliette-L'Assomption-Montcalm): Mr. Speaker, I have only one remark to make in respect to what the Prime Minister has just said. He probably made phone calls in public phone booths, I do not know.

(Text):

Mr. Pearson: On a question of privilege, Mr. Speaker, that remark surely was out of order as well as being a rather cheap insinuation.

Some hon. Members: Withdraw.

Mr. Speaker: Order.

Order discharged and motion dropped.

Inquiries of the Ministry

POWER

PASSAMAQUODDY—INQUIRY AS TO PRELIMINARY DISCUSSIONS

On the orders of the day:

Right Hon. J. G. Diefenbaker (Leader of the Opposition): Mr. Speaker, I should like to ask the Prime Minister whether any preliminary discussions were had between the Canadian and American governments or representatives thereof concerning the feasibility of the Passamaquoddy power harnessing project before the details of the same were unveiled yesterday in Washington. If so, when did these discussions take place, and have any feasibility studies been made as to the economic value of the process?

Right Hon. L. B. Pearson (Prime Minister): To my knowledge there were no discussions between the Prime Minister and the President of the United States on the occasion of the Prime Minister's visit there?

Mr. Diefenbaker: May I also ask this. Was there any communication in this connection between the Prime Minister and the President of the United States on the occasion of the Prime Minister's visit there?

Mr. Pearson: No, Mr. Speaker, I do not think this matter came up at all during those discussions, but I would be glad to look into it.

SHIPPING

THREATENED BLOCKADE OF ST. LAWRENCE SEAWAY BY MARITIME UNION

On the orders of the day:

Mr. R. N. Thompson (Red Deer): Mr. Speaker, I direct my question to the Prime Minister, and I apologize for not having given him prior notice. There is a report in today's press reports of a threatened blockade of the St. Lawrence seaway by the Canadian maritime union unless there is an immediate halt to the harassment of C.M.U. manned vessels in United States ports. With the immediate threat of further violence in United States ports, can the Prime Minister assure the house that the government is taking immediate appropriate steps to deal with this most urgent and potentially disastrous situation?

Right Hon. L. B. Pearson (Prime Minister): I saw this report in the newspaper and we are looking into it at once, because if any such action were taken it would be of considerable importance.

Right Hon. J. G. Diefenbaker (Leader of the Opposition): May I ask a supplementary question in connection with this matter. Has any examination been made of the legal authorities to see whether the several recommendations made by Mr. Justice Norris in connection with the S.I.U. are constitutionally within the authority of the government of Canada?

Hon. Lionel Chevrier (Minister of Justice): Yes, Mr. Speaker, the matter is being looked into now. I did discuss the matter with the deputy minister this morning, but I am not at liberty to divulge the result of the discussion. There is a problem which will have to be looked into from a legal standpoint, and until that has been done I am afraid there is nothing more that I can add to the answer.

Mr. Diefenbaker: In view of the serious situation just referred to by the hon. member for Red Deer can the minister say when it is expected this legal opinion will be available, so that action can be taken by the government to meet this catalogue of terrorism which is frightening?

Mr. Chevrier: Well, the answer I can give at the moment is that following the discussion I had it will be looked into at once.

LABOUR RELATIONS

REQUEST FOR DEBATE ON NORRIS REPORT

On the orders of the day:

Mr. T. C. Douglas (Burnaby-Coquitlam): May I direct a question to the Prime Minister. In view of the far reaching implications of the recommendations contained in the report of Mr. Justice T. G. Norris on the disruption of shipping, will the government agree to set aside time early next week for a full scale debate on the findings of the Norris commission?

Right Hon. L. B. Pearson (Prime Minister): While not underestimating the importance of the matter referred to by my hon. friend, I feel that it would be undesirable to interrupt the debate on budget resolutions scheduled for early next week to permit this particular discussion. Perhaps consideration can be given, indeed consideration will be given, to the introduction later in the week of the estimates of the Department of Labour, which would provide an opportunity for debate.

Mr. Douglas: May I ask a supplementary question. Does the Prime Minister not consider that the possibility of disturbances or dislocations might be offset if there were some clear statement emanating from a debate on this subject?

Mr. Pearson: So far as the government is concerned, it will need a few days to consider the recommendations in this report, which

are very important and very numerous, before the house could expect a clear and definitive statement.

[*Later:*]

Mr. David Orlikow (Winnipeg North): Mr. Speaker, I have a question for the Minister of National Revenue. Is his department considering taking action with regard to the section of Mr. Justice Norris' report dealing with Harold Banks' annual income, salary and expenses?

Hon. J. R. Garland (Minister of National Revenue): Mr. Speaker, I think it will be appreciated that matters concerning individual taxpayers cannot be discussed on orders of the day, and that the provisions of the Income Tax Act provide for secrecy.

[*Later:*]

Mr. H. A. Olson (Medicine Hat): Mr. Speaker, I wish to address a question, supplementary to the one addressed to the Minister of Justice by the hon. member for Winnipeg North. I ask the minister whether he and his officials have had sufficient time to study this report and determine whether they are going to take some action to deal with the findings contained therein.

Hon. Lionel Chevrier (Minister of Justice): Mr. Speaker, I think the hon. gentleman asked a similar question yesterday. The answer I gave then was that the report had just come to hand and that we were giving it careful study.

Mr. Olson: A supplementary question, Mr. Speaker. There has been some speculation that the federal government does not have power to deal with some of these very serious violations of freedom, and so on. Is the minister and his department of this opinion?

Mr. Chevrier: Mr. Speaker, the hon. member will probably recall that the Leader of the Opposition asked a similar question earlier and I gave a reply in which I stated, in effect, that this matter was under careful scrutiny.

REQUEST FOR CHEAPER EDITION OF NORRIS REPORT

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): As a pioneer in the 1955 campaign to expose and get Harold Banks out of Canada whose statements have been vindicated fully by the Norris report, I wish to address a question to the Minister of Labour. In view of the very general and keen interest in the Norris commission report and schedules and the significant demand for copies, I should like the minister to consider the publication of a paperback, cheap edition of the report and schedules.

Hon. A. J. MacEachen (Minister of Labour): Mr. Speaker, the report is already paperbacked.

Mr. Herridge: May I ask a supplementary question. When are the schedules to the report to be available to members?

Mr. MacEachen: I hope they will be available late this week or early next week. It depends on the printing.

(Translation):

HISTORICAL SITES AND MONUMENTS

PERCE, QUE.—REPORTED DAMAGE BY PROSPECTORS

On the orders of the day:

Mr. Alexandre Cyr (Gaspe): Mr. Speaker, my question is directed to the Minister of Northern Affairs and National Resources, or in his absence to his parliamentary secretary.

Is the minister aware that German mountaineers are making explorations and digging on Perce rock?

Those researches are harmful to the hatching of birds eggs and can contribute to the destruction of this first rate Canadian historical site.

Some hon. Members: Order.

Mr. Cyr: Can the minister take the steps—

Some hon. Members: Order.

Mr. Cyr: —required to prohibit prospection on this rock in order to preserve this historical site and tourist attraction?

Mr. John N. Turner (Parliamentary Secretary to Minister of Northern Affairs and National Resources): Mr. Speaker, in the absence of the minister, I shall take the question as notice.

(Text):

HOUSING

REQUEST FOR LOW INTEREST LOANS FOR STUDENT RESIDENCES

On the orders of the day:

Mr. Reynold Rapp (Humboldt-Melfort-Tisdale): Mr. Speaker, my question is short, to the point, and will not transgress your ruling. It is directed to the Minister of National Revenue. The minister is aware that a campaign is under way to amend the National Housing Act. Since the amendments now prepared do not include a clause allowing low interest rate N.H.A. loans—

Some hon. Members: Question.

Mr. Rapp: Just wait a minute. Since the amendments now prepared do not include a clause allowing low interest rate N.H.A. loans on student owned and operated residences,

will the minister give consideration to the inclusion of such a clause for the benefit of the low income students?

Hon. J. R. Garland (Minister of National Revenue): I am pleased to tell the hon. member and other hon. members on both sides of the house who may have been in communication with this interested group within the last few days that the subject matter of this question has been under active consideration by the government practically since we assumed office. I can tell him also I am meeting representatives of the campus co-operative group this afternoon after orders of the day. Perhaps I should remind him that there are facilities at the present time under the National Housing Act to provide loans to universities for dormitory accommodation.

TRADE

PROMOTION OF EXPORT MARKETS FOR TOBACCO

On the orders of the day:

Mr. L. J. Pigeon (Joliette-L'Assomption-Montcalm): I should like to address a question to the Minister of Trade and Commerce. Since the Minister of National Health and Welfare, by making statements against the use of tobacco and giving up smoking, has interfered with the consumption of Canadian tobacco, is it the intention of the minister to find foreign markets in communist countries for the exportation of Canadian tobacco?

Mr. Speaker: I understand I should take up the burden of the minister. This is obviously a question for the order paper.

BROADCASTING

WINNIPEG—ISSUE OF LICENCE TO JACK SHAPIRA

On the orders of the day:

Mr. Ron Basford (Vancouver-Burrard): Mr. Speaker, I have a question for the Minister of Transport. What is the present status of the application for Mr. Jack Shapira of Winnipeg for an A.M. and F.M. radio broadcasting licence for Winnipeg, as recommended by the board of broadcast governors?

Some hon. Members: Order paper.

Mr. Nowlan: Don't plant those again.

Hon. G. J. McIlraith (Minister of Transport): Mr. Speaker, I can assure the hon. member for Digby-Annapolis-Kings that it is not a planted question. The issuance of the licence in question was authorized yesterday.

[Mr. Rapp.]

(Translation):

TRANS-CANADA HIGHWAY

PROPOSED CHANGE IN PROJECT

On the orders of the day:

Mr. H. Pit Lessard (St. Henry): Mr. Speaker, I should like to direct a question to the Minister of Public Works. Has the minister received an official request from the province of Quebec concerning the new lay-out of the trans-Canada highway along Montreal harbour?

Hon. J. P. Deschatelets (Minister of Public Works): Yes, Mr. Speaker, we did receive last Friday an official request from the provincial authorities concerning the change in the lay-out of the highway, under the Trans-Canada Highway Act, and in all the plans which were then submitted to us.

Since this is an urgent project, my departmental officials have been asked to examine those plans, and I do believe that we shall be in a position, before the end of July, to reach a decision which will be made known to the house.

Mr. Georges Valade (St. Mary): Mr. Speaker, I rise on a question of privilege. A while ago I directed to the Minister of Public Works a question of exactly the same nature concerning the outlay of a second trans-Canada highway which would go around the city of Montreal. At that time, Mr. Speaker, you said that the question should be put on the order paper.

That is why I am surprised to notice that you let the hon. member for St. Henry ask the same question and that you further authorize the minister to give an answer.

(Text):

PUBLIC SERVICE

SUPERANNUATED FEDERAL EMPLOYEES—REQUEST FOR INCREASED PENSIONS

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, may I direct a question to the Minister of Finance. In view of the fact that the answer he gave to my question yesterday, regarding retired civil servants, must have been based on a misunderstanding, I wonder if I might ask it again. In view of assurances earlier this session that consideration would be given to the position of retired civil servants whose pensions are inadequate, could the minister say whether we might anticipate at this session an amendment of the Public Service Pension Adjustment Act under which this sort of thing could be done?

Hon. Walter L. Gordon (Minister of Finance): Mr. Speaker, I do apologize to the hon. member for the confusion yesterday. In answer to his question, all I can say is that the matter is still under study.

NORTHERN AFFAIRS

ANNOUNCEMENT OF APPOINTMENT OF SECRETARY OF RESOURCE MINISTERS COUNCIL

On the orders of the day:

Mr. John N. Turner (Parliamentary Secretary to Minister of Northern Affairs and National Resources): Mr. Speaker, on May 23 and again on June 14 the hon. member for Brandon-Souris inquired about the appointment of the secretary general of the resources minister's council. On those occasions the Minister of Northern Affairs and National Resources indicated that he would inform the house at the time the appointment was made.

In my minister's absence today I can tell the hon. member, and other hon. members of the house, that the executive committee of the council has unanimously agreed to the appointment of Mr. Daniel Wermenlinger. The chairman of the Canadian resources minister's council, Hon. René Lévesque, will be releasing a communique today concerning this appointment.

Mr. Wermenlinger was chosen from a group of 60 applicants from all parts of Canada following public advertisement. For his duties as secretary general to the Canadian resources minister's council Mr. Wermenlinger brings an excellent background as a consulting engineer and teacher. He is age 38 and is a McGill University graduate in engineering. He has had employment in the electric power industry in Quebec, and has been professor of the development of electric power at Laval University. He actively participated in the resources for tomorrow conference of 1961 and was a delegate in May, 1962 at the "conférence internationale des grands réseaux électriques" in Paris.

The new secretary general will take up his duties commencing August 15, and the office of the permanent secretariat will be located in Montreal. His general duties, under the direction of the chairman of the resources minister's council will be to undertake studies relating to the conservation and utilization of natural resources in Canada.

Hon. members will recall that the resources minister's council developed from experience at the resources for tomorrow conference in 1961. The federal government and all 10 provincial governments are represented by ministers responsible for the management of renewable resources. The council provides a forum for the discussion of questions of interest to the several governments, and for the co-ordination of resource management objectives and policies.

NORTHWEST TERRITORIES—DELAY IN UNIVERSITY TRAINING PROGRAM

On the orders of the day:

Hon. W. G. Dinsdale (Brandon-Souris): Mr. Speaker, I want to thank the parliamentary secretary for his information, and while he held the floor I wanted to ask him another question concerning the university training program for the Northwest Territories. This question was asked last Friday, and I think an answer would be desirable before the council prorogues its present session.

Mr. John N. Turner (Parliamentary Secretary to Minister of Northern Affairs and National Resources): My minister will be in town shortly, and I think he would prefer to answer that question himself.

DEFENCE PRODUCTION

REPORTED NEGOTIATIONS TO CONSTRUCT SUBMARINES IN ENGLAND

On the orders of the day:

Mr. Raymond Langlois (Megantic): Mr. Speaker, I wish to direct a question to the Minister of Defence Production. In view of a report I heard over the radio yesterday, is it a fact that the Canadian government is negotiating with England to have our submarines constructed in that country?

Hon. C. M. Drury (Minister of Defence Production): Mr. Speaker, there have been studies undertaken with a view to ascertaining where, in the event that they are necessary, submarines for the Royal Canadian Navy can be most effectively produced. As yet no decision has been taken.

Mr. Langlois: Does the minister not think that, before the time when it becomes necessary to have them, it would be a good thing to arrange to have them constructed here in Canada, considering the unemployment situation?

NATIONAL DEFENCE

REQUEST THAT NEWSPAPERMEN ACCOMPANY SPECIAL COMMITTEE

On the orders of the day:

Mr. Terry Nugent (Edmonton-Strathcona): Mr. Speaker, I have a question for the Minister of National Defence, but in his absence and in the absence of the associate minister perhaps it could be taken as notice. I understand that when the defence committee travelled to Colorado Springs there were many

empty seats on the air force plane which took them there. Would the minister permit members of the press gallery to occupy those spare seats on future trips of this committee, so the press will be able to keep the Canadian people informed of the sittings of this frustrated committee and of the information that it is not getting?

DOMINION-PROVINCIAL CONFERENCE

INQUIRY AS TO INVITATIONS TO YUKON AND NORTHWEST TERRITORIES

On the orders of the day:

Mr. Gene Rheaume (Northwest Territories): Mr. Speaker, I would like to direct a question to the Prime Minister. It arises from the recent enthusiasm of his government about consulting with the provinces before proceeding with legislative matters. Can the Prime Minister assure me that in all such federal-provincial conferences the governments of the Yukon and Northwest Territories will be invited to participate?

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, the correct and normal constitutional practice will be followed in this matter.

Mr. Rheaume: As a supplementary question, have the governments of the Yukon and Northwest Territories been invited to attend the dominion-provincial conference on July 26 and 27, when the municipal loan fund and Canadian pension plan will be discussed?

Mr. Pearson: No, Mr. Speaker.

ATLANTIC DEVELOPMENT BOARD

REQUEST BY ATLANTIC PROVINCES FOR CLARIFICATION OF LEGISLATION

On the orders of the day:

Mr. D. M. Fisher (Port Arthur): Mr. Speaker, I should like to direct a question to the Secretary of State. My question is caused by two related incidents. Last week we passed the Atlantic development board bill. Yesterday the Atlantic premiers announced that they wanted a clarification of it. I just wondered whether the minister could indicate to us what steps he is taking to provide such clarification, and could he give some explanation as to why this seems to be necessary so very quickly?

Hon. J. W. Pickersgill (Secretary of State): In answering the hon. gentleman's question, Mr. Speaker, I will have to apologize to my colleague the Solicitor General for informing him in public of what I would like to have consulted him about in private. I had a call this morning from the premier of New Brunswick, speaking for the premiers of the four Atlantic provinces, asking to have a meeting with the four federal ministers from the Atlantic provinces next Thursday. A meeting is being arranged for five o'clock next Thursday afternoon so that we can discuss the most effective co-operation in carrying out the aims of the board; that is making the assumption that the amendments to the act will have the same happy fate in another place that they have already had here.

EXTERNAL AFFAIRS

ISRAEL—REPRESENTATIONS RESPECTING EXTRADITION 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, at the request of some of our members. Have there been any recent representations from the state of Israel for the drafting of an extradition treaty between that state and Canada?

Hon. Paul Martin (Secretary of State for External Affairs): Mr. Speaker, I will have to look into the matter. I do not believe there have been, but I would like to answer the question later.

NUCLEAR TEST BAN—REQUEST FOR REPORT ON MOSCOW CONFERENCE

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, may I direct a question to the Secretary of State for External Affairs. Is the Canadian government being kept informed of the developments at the nuclear test ban conference in Moscow? Are there any up to date reports the minister can give to the house?

Hon. Paul Martin (Secretary of State for External Affairs): Mr. Speaker, the Canadian government is following these discussions with close interest. It is being kept informed as to the nature of the discussions. There is every reason to believe that progress is being made in the discussions. When they are finalized I hope to be able to say something further.

GRAIN

WHEAT—INQUIRY AS TO $3 PRICE

On the orders of the day:

Mr. George Muir (Lisgar): Mr. Speaker, I should like to address a question to the Minister of Trade and Commerce. With the new crop year starting on August 1, when can the farmers of western Canada expect an announcement from the government in regard to the $3 per bushel for the initial 300 bushel quota of wheat?

Hon. Mitchell Sharp (Minister of Trade and Commerce): Mr. Speaker, I think the government is going to be in a position to announce the level of initial prices within a few days.

FINANCE

INQUIRY AS TO DATE OF APPOINTMENT OF SPECIAL ASSISTANT

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, may I direct a question to the Minister of Finance. My question is based on an answer given on July 15, as reported in *Hansard* at page 2173, to some questions of mine regarding the minister's special budget assistants. How was it that Mr. Conway was appointed, or commenced work, on April 21, the day before the government itself was sworn in?

Hon. Walter L. Gordon (Minister of Finance): Mr. Speaker, I will be glad to look into that matter and give the hon. member an answer when I have the information.

ECONOMIC COUNCIL OF CANADA

PROVISION FOR ESTABLISHMENT AND DEFINITION OF DUTIES

The house resumed from Monday, July 15, consideration of the motion of Mr. Lamontagne for the second reading of Bill No. C-72, to provide for the establishment of an economic council of Canada.

Mr. Colin Cameron (Nanaimo-Cowichan-The Islands): Mr. Speaker, I now take up my interrupted speech of last Monday, if you can call five minutes fill-in the beginning of a speech. Since that time I have been able to read with greater care the interesting discourse of the President of the Privy Council (Mr. Lamontagne) when he introduced this measure into the house. I am now more astonished than I was before I made that careful examination that the minister is prepared to stand in his place in this house and describe this strange, anaemic piece of legislation as the government's program for establishing planning in this country. Moreover, I am astonished that a gentleman of his reputed economic knowledge is prepared to stand in the chamber and tell us that this bill is going to be the basis of what is known as indicative planning. I do not for one moment imagine that the minister is not well aware of most of the circumstances surrounding the particular national planning to which the term indicative planning was first applied. I refer to the economy of France. I assume he must know what went on there; he must know what the basis of French planning is, and I am astonished that he would tell us that his government's program is designed to introduce indicative planning into Canada.

Just in case he has not looked recently at the facts regarding the French commissariat du plan, I would like to put on the record some of the circumstances under which French planning was instituted. In the first place, it was instituted on a very widespread foundation of nationalization; all the coal mining industry, all gas and electricity, all insurance companies, all savings banks and similar savings institutions were nationalized. Specific industries, such as the Gnome-Rhone, Lorraine and Renault aviation engine factories. the Renault automobile factory and, of course, the railways have been nationalized for many years in France. In addition to that there are credit controls in operation in France, controls which I am sure this government has not in mind at all. Medium term loans must be rediscounted at the bank of France, which must consult the commissariat du plan for loans over one million francs. The Credit National, which is the main source of long-term investment funds, must consult the commissariat on all loans over two and a half million francs. In addition to that there are in effect in France quite a wide range of price controls over steel, aluminum, fuel and power, chemicals and motor cars. On top of that Mr. Speaker, there has been a wide measure of public investment in private industry, a sample of which is, of course, the steel industry, 30 per cent of the internal debt of which is held by the public authority. So we see, Mr. Speaker, that in the only instance of general indicative planning, the planning under which the term was first applied, the indicative finger is involved directly in a great many economic pies. As Mr. Pierre Massé, the commissaire général du plan, had to say at a meeting in London:

> Directly or indirectly the state controls or is always the main driving influence behind one half of total investment in France.

I mention this, Mr. Speaker, to point out that the use of the term "indicative planning" for the incoherent measures proposed by this government is really grossly misleading.

I would then turn to the make-up of the commissariat du plan in France, and I am sure that if Mr. Pierre Massé, the commissaire general, were to be presented with this bill which is before the house as a sample of indicative planning, Mr. Massé would probably go into hysterics. The commission in France is composed of approximately 50 experts of various sorts. Not merely economists, agronomists and sociologists, but university people and all manner

of people are employed on a full time basis. Even more important than that, as one of the key methods by which French indicative planning is made successful there are established under the plan a large number of commissions made up of those who are actually in control of or responsible for the operation of various sectors of the French economy. Mr. Massé says that if the real forces of the country have been associated with making the plan, they are more likely to stand together in action.

I have no knowledge, of course, of who the 25 ordinary members of this economic council are to be, but I am sure of this, that they are not going to be people such as those who are called in in France to help in the construction of a plan, the people who are actively engaged in the operation of the French economy. We shall have, I presume, someone who purports to represent organized labour, someone who purports to represent the consumers, someone who purports to represent the employers and manufacturers associations. But it will not be the people who are engaged in the actual operation of the economy. Because if it were, Mr. Speaker, you would require many more than 25. You would require a similar set-up to that which they have in France, where you have up to 30 or 40 separate commissions, which are, in effect, working parties composed of government officials, industrialists, financiers, manufacturers, people who are engaged in the operations of the economy.

Therefore I suggest that this bill, when it is presented to us as the means by which planning is to be established in Canada in the first place, is nothing but a hoax; and in particular, when it is suggested to us that on the basis of this bill we can have something which could rightly be termed indicative planning then to my mind this is grossly misleading. Nowhere at all in the bill and nowhere at all in the speech of the President of the Privy Council is there any suggestion whatever of actually setting up a planning agency. The French indicative planning is dependant upon an actual planning agency, a planning agency which, as I say, draws into its ambit various other sections of the community in active working parties to draft the plan, and the plan itself is, of course, written under the auspices of the minister of finance.

Admittedly, in Canada we have two problems facing us which do not face France, or indeed any other nation in the world where planning has taken place. One of these is the very large measure of foreign ownership of our resources and our industries. The other is the federal structure of our country. These two problems are to my mind closely linked; in fact, one can hardly be dealt with without the other. Not too long ago the Minister of Finance (Mr. Gordon) attempted in a most praiseworthy manner to deal with the first of these problems by bringing in an ill-starred takeover tax—not a very practical way of approaching this problem, but we can at least give him credit for making the attempt. But even if he had been successful this would not have coped with the continuing situation in Canada; it would merely have applied a brake to any further developments along this line. If the problem is to be coped with—and many seem to think it does not have to be coped with—it can only be done by replacing foreign owners by Canadian owners. However, here we run into two other problems. One is the unwillingness of the present owners to sell, and the other is the fact that if they were willing and the purchasers were private Canadian citizens, there would be no guarantee that the Canadian purchasers would not at a later date dispose of their property to foreign purchasers.

The only other manner of replacing foreign ownership by Canadian ownership is by replacing foreign owners by a public authority in Canada. Here we run into the problem of our constitution in Canada, with the provincial legislatures having control over property and civil rights. However, I think this problem is perhaps not insoluble if we had a government really prepared to do something about indicative planning and really prepared to cope with this problem of foreign ownership. But first of all we have to make up our minds about the answer to this question, which is: Do we really consider foreign ownership to be a detriment to the Canadian nation? I ask this question, Mr. Speaker, because I have found to my dismay that there are many people, some even in this chamber, who seem to regard the foreign ownership of our resources and our industry, with its inevitable result of absorption into the neighbouring republic, with a certain amount of equanimity. In this party we are convinced that foreign ownership is detrimental to our country, specifically in the context of the bill now before us.

This bill purports to be the foundation stone for indicative planning. It is impossible to carry out anything in the nature of indicative planning in the real sense of the word while this condition of extensive foreign ownership remains. Mr. Massé's comment on the necessity of drawing into the building of the plan all the real forces within the country indicates what our problem is here. What are the real forces of this country—the forces of economic power? They are not, in the main, Canadian forces. When we have to deal with these forces we have to

deal with people or institutions whose concern is not the Canadian nation or the Canadian economy, except in so far as these are the source of immediate profit or addenda to a foreign economy. So I suggest that if the government is serious about embarking on a program of indicative planning it will have to deal with this question of foreign ownership and, in doing so, deal with the situation created by the Canadian constitution.

There have been references in the press and elsewhere to the difficulties the government is encountering in connection with the Canadian constitution at the present time as well as the pressures which are being applied by the provincial governments, in particular with regard to certain economic matters, all of which have to be considered in relation to anything we could call economic planning. We hear, for instance, that the premier of Quebec is much opposed to the government's plan for a portable pension. In fact, there have been reports in the press to this effect. Of course, the premier's fundamental economic reason for opposing it—and it is a most respectable reason—is that he sees in the pension plan a means of accumulating a volume of investment capital which could be used to expand the economy of his province. I suspect Mr. Lesage has discovered something which I think I have discovered. We will have to wait until tomorrow, I suppose, when the Minister of National Health and Welfare (Miss LaMarsh) makes a statement in this house before we can confirm this; but I have a suspicion that I have discovered the truth, namely, that the portable pension plan is not going to result in any pooling of the savings of the Canadian public, but that instead it is likely to provide a happy hunting ground for the insurance companies and a continuation of the means by which corporations who arrange their own pension plans avoid a large measure of corporation taxes.

I hope I am wrong. If I am, there may still be some way of instituting indicative planning in Canada within the confines of confederation. It may be we shall find we are experiencing much the same results as Sweden, a country which has some interesting lessons to offer us if we were not too timid to accept them. In the London *Economist* of March 20, there was an article by a Swedish financial correspondent entitled "Enter the New Leviathan". This article describes an almost revolutionary transformation which has taken place in the monetary and credit field in Sweden over the last 12 months because of the operation of the Swedish social insurance plan and the coming into effect of the national supplementary pension fund. This has had far reaching consequences for the capital market, and I should like to quote briefly from this article:

> Although the fund did not start its operations until 1960 and will go on growing for many years to come, it has already become the prime source of long-term finance. Last year the increase in its investments amounted to 1,300 million kronor, and this year it will fall not far short of 2,000 million.
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> It is estimated, on fairly conservative assumptions, that the fund will have increased its resources to 25,000 million kronor by the end of this decade. This would correspond to about a quarter of all institutional credits; and its share of the market would then be the same as that of the commercial banks is today. Its annual investments would in 1970 be between 5,000 and 6,000 million kronor, equal to the total net amount of borrowings from all institutions in 1962.

I suggest that here lies a clue to dealing with two problems which in my opinion stand as an immovable barrier to any effective indicative planning in Canada, namely the existence of such an enormous degree of foreign ownership and, secondly, the difficulty of bringing the provincial authorities into any concerted national plan. I would suggest the experience in Sweden indicates the way in which the government, if it really wishes to embark on a program of planning, should be moving at this time. It should be prepared to use this portable pension plan as a means of building up a vast pool of the savings of the Canadian people and it should be prepared to make arrangements with the provincial governments so as to make available the capital they require for their own investment programs. I suggest that had this government possessed the courage and the honesty to make known a real proposal for indicative planning, including a project of that sort and made its intentions known to the provincial governments there would have been far less scurrying about in the backrooms of this house in the past few weeks as the administration sought to avoid a showdown with recalcitrant provinces. The governments of the provinces would realize they were expected to become part of a national plan and their justifiable demands for an increased share of investment capital would be met.

I suggest, Mr. Speaker, that this organization entitled the economic council of Canada —I do not know what else you could call it— is merely going to be another of those farcical organizations we have had so often in the past. At best it will be a fact-finding statistic-collecting organization with no authority to present, institute or formulate any real economic plans. Anyway, there is no intention of having it do anything of that sort. As the foundation stone for economic planning in Canada it is as ludicrous and as inadequate

as the proposal which was made by the previous government and which was so strenuously derided by the gentlemen now occupying the treasury benches.

(Translation):

Mr. Rosaire Gendron (Riviere du Loup-Temiscouata): Mr. Speaker, with regard to the economic council, we may wonder, on the local, provincial or federal level whether we need such an instrument to help promote our economy.

To illustrate my views on our development and on regional issues, I should like to quote the following:

> In such areas which, to a large extent, have been kept out of the economic advance, there is a recession not only in comparison to the remainder of the country, but sometimes even in the absolute sense. From year to year, life becomes more difficult there: The competition of powerful industries and prosperous farming in other areas gradually ruins the remaining industrial establishments, as well as farming and business. A spirit of revolt, the very opposite of the spirit of enterprise which alone could improve conditions, takes shape and develops. Slowly, and mostly unwillingly, the people leave those areas without a future to seek better opportunities in more dynamic parts where they sometimes create serious problems with regard to accommodation and employment.

It was on purpose, Mr. Speaker, that I did not indicate the source of that quotation at the start. Some people might think that it describes some of our underdeveloped areas. Well, it is an excerpt from the *International Review of Social Sciences*, UNESCO, No. 3, 1959, dealing with certain French areas which are faced with the problem of industrial centralization, and where the necessary steps were to be taken to give them a new start.

Now, that is about the same problem which is found in the lower St. Lawrence and many other of our districts. Such a situation may well cause some anxiety.

On the one hand, we see an increasingly larger part of our people getting used to put their trust in a welfare state, and, on the other hand, we have a group of citizens who are alarmed by the situation and try, generously, to give a new buoyancy to our economy and to fight that centralizing trend.

We are greatly concerned, because if we come to rely solely on the welfare state, stifling any initiative, growing accustomed to sponge on the state, since there is no other solution and that on the other hand, those who are struggling to give new impetus to the economy feel that they are ill-supported and ignored, it may happen that they will grow weary and that they will also follow the trend.

[Mr. Cameron (Nanaimo-Cowichan-The Islands).]

In our area, we did not merely bemoan our lot nor blame our neighbours for our troubles. We deemed it necessary to form a group and to set up a district council of economic planning. It is the municipalities and the county councils which took the initiative, since industry lacked the required vitality to fill in the gaps. It was therefore necessary to rely on those whose duty it is to promote the public weal and to see to it that, instead of being constantly at strife, because everyone wants to have a finger in the pie, we should work together in good understanding in order to achieve our common aims in our given community. In this manner, a normal and constant development of our areas would be possible, so that instead of relying entirely on state assistance, we could proudly enable our people to earn a living.

This is an example of a community which may not be as privileged as others, but which accepted its responsibilities and preferred to unite rather than remain divided, and hired experts to conduct studies. We started by making a demographic survey, because it is the best way to know exactly what is our human potential, a most important point. We had a survey made on transportation by Mr. Pierre Camu, vice president of the St. Lawrence seaway authority, and also an investigation in the field of agriculture and of forestry, in order to know what our resources are and to be in a position afterwards to plan properly the development of our areas.

You have, on a higher level, the example of the province of Quebec which also felt the need to put its affairs in order. Our province provided for the establishment of a council of economic planning which could operate in a truly democratic fashion, without undue state control, but thanks to an indicative direction and planning. This was achieved through regular legislation providing financial incentives to those who wished to take part in the plan, thus permitting a more orderly development of Quebec's resources.

We feel that if that is a must on the local and provincial scenes, it is just as necessary at the federal level.

Who would build a house with foundations, walls and partitions without adding a roof?

We are a nation and as such we have obligations to fulfil and a part to play. Some will say, like the hon. member who spoke before me, that we will get nowhere unless

we resort to imperative planning. Others will claim that it would be better to leave things as they are, that everything will come out all right in the end. Others yet will raise various federal-provincial problems.

In my opinion, everyone must do his share in his own field. The fact remains however that the federal government has a great part to play in the field of transport, communications, public works, etc. Our efforts should be co-ordinated to give a boost to our economy.

Every one will agree also that we must try to co-ordinate the efforts of the regional and provincial economic boards so that there is no conflict between their different activities, which is the only way our country can grow in a normal and orderly fashion.

Of course, we must not exaggerate the importance of the economic council, since that is not the only solution. Several other measures dealing with the serious problem of unemployment and underdeveloped areas are now on the order paper. This piece of legislation is just one aspect of the over-all plan to facilitate the normal economic growth of our country.

I think the hon. Leader of the Opposition (Mr. Diefenbaker) spoke for all our hon. friends opposite when he said one should take care not to rush into a marriage one might have cause to regret till the end of one's days. That, it seems to me, is typical of the attitude our hon. friends take when they are faced with the problems now before us, that is to say they have a way of flirting with problems without ever espousing them. I would even go as far as to say that is just like a young man who would be courting a girl and telling her in advance he has absolutely no intention of marrying her and who would still deny her the right to go out with another boy. Well, perhaps such a relationship can accidentally end up by creating something, but it is surely a sterile and irresponsible way of dealing with the problem at hand.

We on this side of the house want to espouse the cause of the unemployed, the cause of the depressed areas, and we know, because such is the law of nature, that childbirth cannot always be painless. Be that as it may, let us see to it that projects are carried out which will make the development of our country possible, even if, at first, that might hurt the feelings of some of our neighbours.

Everybody will agree that we must allow all people who are interested in the economic life of our country to group themselves, to unite, to make surveys and also to put forward programs which may help us to deal with the serious situation we are in.

To be constantly bringing up the problem of federal-provincial relations as an objection is to use a two-edged sword. Naturally, we can never care enough for the respect of provincial rights and especially those of the province of Quebec. Of course, we must allow that province to develop normally in the respect of all its rights.

On the one hand, feelings are aroused by the question of federal-provincial relations in the province of Quebec. On the other hand, the other provinces are led to believe that the right hon. Prime Minister (Mr. Pearson) is yielding to the pressure of the province of Quebec. But we must realize that we live in a pluralistic state, which means that there is a need for continuous negotiations. On that point, I should like to refer to the same book where we find, on pages 362 and 363, that in a pluralistic state:

> —various other requirements must be fulfilled so that the necessary spirit of compromise and conciliation can be maintained. Population segments entirely deprived of power must not be numerous; the access to political life must be fairly easy; the various groups must be of a fairly equal strength, so that none of them can readily impose its will on others; finally, negotiations must be pursued unremittingly, with obstinacy and ability. We have seen that the maintenance of an order, whichever it is, always calls for a certain amount of energy; the maintenance of a pluralistic order entails enormous efforts in negotiations. Politicians being the true negotiators in pluralistic systems, every organization must have them at its disposal.

In my opinion, Mr. Speaker, the man who succeeded at a critical and extremely difficult time, on the international level, in negotiating for the establishment of world peace, will succeed, on the national level, in negotiating the establishment of Canadian unity, with due respect for the individual rights and the interests of every Canadian.

Mr. L. J. Pigeon (Joliette-L'Assomption-Montcalm): Mr. Speaker, if the minister is really anxious to see this economic council give good results, I am sure he will admit that it is imperative that this council, and consequently the federal government, secure full co-operation on the part of the provinces.

For example, paragraph (j) on page 4 of the bill states the following:

> to seek full and regular consultation with appropriate agencies of the governments of the several provinces.

And, on page 4, paragraph (iv) of section 11 states:

> the use of training programs at all levels of industry, and the use of retraining programs to meet changing manpower requirements.

I would ask the minister the following question: if he really wishes this legislation to work efficiently and to help promote the economic development of this country, why does the government obstinately refuse to submit it to the provinces at the federal-provincial conference which is to be held in a few days? I am asking this question with the utmost sincerity, since the federal government needs the provinces' and the municipalities' full co-operation if it wants this legislation to be fruitful. I should be very grateful if he would take a minute or two to give us a direct answer, and thus give assurance to the house that he will make all the necessary efforts so that the Canadian economy will derive all that it possibly can from this bill. I would be very happy if the minister could take a minute or two to give me an immediate answer to that question. What are the actual objections?

Mr. Speaker, since the beginning of this session, we have witnessed a complete invasion of the provincial field. Besides, some economists remind me of certain psychiatrists: the patient's mental and physical health often gets worse after the latter has been committed to their care. We do not wish to see that happen with the healthy autonomy of our provinces. We want the provinces to have complete jurisdiction in the labour-management field, and in all matters which come under provincial authority, such as natural resources, hydroelectric power, as well as numerous other fields, including agriculture.

Mr. Speaker, we are anxious to be told on what grounds the government obstinately refuses to consult the provinces.

Before promulgating ARDA, we consulted all the provincial governments, and only with their full consent, did we enforce the act.

I feel that the bill providing for the establishment of an economic council of Canada should come under the Department of Trade and Commerce, or the Department of Industry. Whom does the government intend to appoint as chairman, directors and members of that council? Does it plan on selecting a fair percentage of representatives of our agricultural elite, of our labour force and of our managerial class?

Mr. Speaker, let us assume that one of our provinces, because it was not consulted, or because it is jealous of its autonomy, chooses not to co-operate with the central government, or with the economic council. What then would be the latter's attitude? Would its action not be impaired, would our economy not be endangered?

I wonder also whether the Agricultural Rehabilitation and Development Act—or ARDA—should not be under the jurisdiction of the projected economic council. ARDA has been operating in numerous countries, such as France for instance, and it has helped solve many problems, as it bears upon three technical fields: (a) the use and improvement of marginal lands; (b) rural development and industrial expansion; (c) land amelioration and soil conservation, water conservation and production.

Mr. Deputy Speaker: It seems to me that the hon. member is wandering quite a bit from the measure now before us. I can understand that, while discussing the establishment of ARDA, he may possibly want to use this subject as an example, but I would suggest that he limit his remarks along this line and return as soon as possible to the matter under consideration.

Mr. Pigeon: Mr. Speaker, I think that ARDA can, from the economic point of view, assist greatly in relieving numerous problems which exist now in agriculture, more particularly in underdeveloped areas of this country. In my opinion, if this economic council of Canada really wishes to do efficient work, it must know the policy embodied in ARDA and work in close contact with it.

Mr. Speaker, I also believe that there is another serious problem, that is unemployment. Permit me to say incidentally that, according to the last statistics, unemployment is higher now than it was last year on this date. I am of the opinion that it is absolutely necessary to have the largest proportion of our raw materials processed in Canada.

As far as raw materials are concerned, grains as well as metals can be considered as raw materials.

It is a fine thing to sell our western grain abroad, but if that grain were processed in the east, the income of our farmers would be higher. In fact, this is why the Conservative government had prepared during the last session a piece of legislation providing for payment by the federal government for the transportation of grain from Fort William to eastern Canada. The same legislation provided for payment by the federal government

of the building cost of warehouses built along the waterways of eastern Canada in addition to the warehousing costs of cereals.

Mr. Speaker, the minister's speech was most interesting. I readily recognize it, as I often do not share his opinions, but I must admit that this speech was substantial.

He did a good job and I believe he is probably sincere when he advocates certain measures, regardless of the provinces' interest.

It is easier to work out a policy in some countries as, for example, in France, where you have a unified government, than in a country like ours, with a federal government and ten provincial governments. I admit that it is often difficult in our country to carry out an economic program. However, as long as the constitution has not been revised and amendments have not been brought to bear with the consent of all parties, in my opinion the minister must submit such a program to the provincial authorities to get efficient co-operation and work towards the national interest.

Those are, Mr. Speaker, the few remarks I wanted to make and I would be pleased if the minister could give us the reasons why he does not want to submit this bill to the provinces with a view to securing their full co-operation.

(Text):

Mr. G. H. Aiken (Parry Sound-Muskoka): Mr. Speaker, this bill is part of a much advertised Liberal program of legislation, but in form it is merely a rewrite, with one addition, of two bills which were brought in by the former government. I refer particularly to Bill C-87, which was introduced on November 28, 1962, to establish a national economic development board, and to an act of parliament, the National Productivity Council Act, chapter 4 of the 1960-61 statutes. In addition to the combination of these bills there is a very greatly enlarged objective clause, which I believe makes the whole intent of this bill much different.

At this stage of our proceedings we cannot study the bill clause by clause. I do not wish to do so, but there are three particular parts of the bill that ought to be discussed, as each derives from a source which ought to be mentioned. There is first Bill C-87, and if we look at the bill before us we find that clauses 1 to 8 are identical with the clauses in Bill C-87, with the exception that the name has been changed from the national economic development board to the economic council of Canada, and the word "board" where it appears has been changed to "council". The only difference I can find is that the term of office of the chairman is to be seven years instead of ten years. Therefore we have no objection to this part of the bill and we think these clauses are worthy of support.

Clause 11 of the bill is lifted right out of the National Productivity Council Act. The words are identical and this portion of the bill is merely a reprint of the main and essential part of that act.

Clauses 12 to 20 are substantially the same as clauses 13 to 21 in the old bill, No. C-87. This leaves only clauses 9 and 10, which stipulate the duties of the council, where the difference in direction appears. The present bill looks something like the old bill, but its implications are much broader, and it is our view that it gives the council a stronger hold, almost an octopus hold, on the business and economic sectors of Canadian life.

When we come to these clauses on committee stage we will want to have some assurance from the minister as to the extent to which he intends to use these very broad powers that are given to the council. We will also want to make sure that the centralization of powers in Canada is not extended unduly, and in fact is not extended any more than is necessary for an over-all look at the Canadian economy.

What we fear most is not the actual wording of the bill but the theories behind it, which were expressed by the President of the Privy Council when he introduced it. We feel that they tend to show us that his intentions are to make this council one which will have a very strong bearing on business in Canada. We believe that business in Canada today appreciates assistance; they appreciate assistance in changing from one product to another; they appreciate assistance in improving their product and in marketing it. For these things they do look to government, and they were encouraged to look to government by the progressive legislation that our party brought before parliament. To this extent we are in sympathy with the purposes of the bill.

We think that any assistance whatever that can be given to Canadian businessmen, particularly in the export field, is well given. It is not within the competence of many Candian businesses, particularly the smaller ones, to go out into foreign fields and look for markets; they have to rely upon the services of such bodies as the Department of Trade and Commerce and the new council which will be established. To that extent we are not objecting to, and in fact we approve of the principle of this bill.

I think we should examine the theory and philosophy behind the changes that were

put into this bill which amends the bill concerning the national economic development board. This bill, along with other government legislation, has been put forward as part of a program. We are told that this bill goes hand in hand with the department of industry bill, the capital development corporation bill, the Atlantic provinces development board bill and the municipal loans bill, to indicate a program of economic development to assist in relieving unemployment, and so forth. Mr. Speaker, we do not think this objective has been accomplished. We think that the program as a program was hastily thrown together; that it is composed of bits and pieces picked up here and there in order to present to the country quickly something that looks like a program. We think this bill particularly was merely derived from two or three sources, put together and announced as one of the great, new items of legislation of this government. We do not think this has in fact been accomplished.

We recall that when the department of industry bill was before the house the minister could not say, for example, how many people would be employed in the department or how much it would cost. He said this would depend pretty much upon the circumstances at the time. It was an indication of an intention to do something, without any well laid plans. I am not going to dwell on that matter now, Mr. Speaker. Hon. members opposite will say I am rehashing the old bill, and I do not wish to do that; I merely wish to deal with this particular bill. This was one aspect that bothered opposition members and on which a number of questions were asked; that is, what is this department doing; how many people are going to be employed, and how much is it going to cost? These questions could not be answered by the minister and therefore the house was left pretty much in the dark as to the intention of this bill.

We believe the same thing applies to the municipal loans legislation. I do not want to beat anybody over the head with the problem with which the government is faced in this regard, except to say that here again we think it is not part of a well planned and well laid out program. We think it was done hastily as part of a program to be laid before this parliament within 60 days in order that the government could fulfil their election promise. Therefore, Mr. Speaker, we think the municipal loans bill, as part of this program, while it was well intentioned and may in the end work out properly, was not planned and put forward in the way it should have been.

The capital development corporation bill is not before us; it has not yet been discussed. However, I think it is perhaps in the same category. After reading the resolution we think this measure has not been planned and there is no over-all plan which will give assistance to the new economic council for Canada. The same remarks apply to the Atlantic provinces development board bill. There again it merely contains slight changes. A maximum amount of money was included as a provision of the bill, but we did not get any clear picture about who was going to be on this board or how it could be improved under the new legislation as compared with the old. We recall that the hon. member for Cape Breton South (Mr. MacInnis) particularly asked the Minister of Labour (Mr. MacEachen) what plans he might have to assist in the development of the Atlantic area. The minister was unable at that time to say there was any plan, that he had anything to put forward. He just said, "We will wait and see what the board produces".

These are all rough sketches of the legislation we had before, Mr. Speaker. I am merely trying to prove the point that this economic council is not a great, new piece of Liberal legislation; it is merely a throwing together of two Conservative bills, one of which was passed and one of which was never passed, with expanded objects to which I shall refer in a few minutes. I mentioned that this bill eliminates the national productivity council and takes the heart, the main sections, out of the previous bill, puts them into this bill and sets up one council. There is only one thing in commendation that I wish to say to the government. I am glad they did not create two new councils. It is quite obvious that they intend to change the personnel of the productivity council, because when the bill before us is passed, the productivity council will come to an end; therefore the appointments which have been made will also come to an end and the government will be able to go ahead and make new appointments. I think possibly this is one of the main features of this new bill, as it was with the Atlantic provinces development board bill; that is, it is not in order to make any progress or because there is anything in either of these bills which could not have been done under the old bills; it is merely a case of passing a bill in order that the personnel may be changed and the government may put its own nominees on these boards. I think that is not sufficient reason for the government making a great fuss about the program they are putting forward. This bill will eliminate the productivity council and its members, as I have said. It is also an enlargement of the progressive

legislation already brought in. I believe the worst feature of the bill is that the central organization, the council, has been given such broad powers under this new bill that it can more than assist and advise, which the old bill only sought to do; it can now give some direction. This is the thin edge of the wedge to which we take objection. When we come to the clauses I intend to ask the minister if he will indicate clearly to the house how far he proposes to make use of clauses 9 and 10 and how far he expects that the council will be provided with funds and direction along these lines.

I hope it will not be said of me that I am afraid of progressive ideas. I am sure that one matter that is thrown back and forth from one corner of the house to another is that certain parties are afraid of progressive ideas and will vote against them. We are not afraid of progressive ideas; but if progressive legislation means more direction in Canada's economy, if progressive legislation means more centralizing of Canada's economy in one body in the federal field, then I do not believe this is progressive. I believe it is rather the opposite, that it is regressive; because in our British North America Act and most of our legislation we keep fighting against this tendency to have everything in this great country run from a central point. I hope that that is not the intention behind this bill.

I believe that at the moment what Canadian business wants most is to be left alone. I think that if it can be given some help to secure better products and better markets it will be pleased. But I do not think that it will welcome interference or direction. In the explanation of the bill which the minister gave us when introducing it, my definite impression is that he intended to make use of the bill to give direction. Certain statements and writings of his were read into the record to indicate his feeling that Canadian business could not look after itself, and that Canadian business had to be directed in some fashion in order to get the economy rolling. I say, Mr. Speaker, that if this is in fact what is intended it will not have that effect. Business is interfered with constantly, it seems, by every piece of legislation which is introduced. We all know that a good deal of the business personnel now engaged in each section of the Canadian economy spend a lot of their time answering government questionnaires and requests, complying with regulations, paying taxes and filing returns. This is so particularly with small businesses. I have received all sorts of complaints about organizations such as the dominion bureau of statistics, which is authorized to send out questionnaires to small businesses, and which can force the small businesses to answer these questionnaires. In the case of a one-man business where the wife probably does the books, there just is not time to complete this sort of questionnaire. In the case of corporations, they must file tax returns and so forth, and fill in forms which emanate not only from the central government but also from the provincial and municipal governments. I think it is a common complaint among businesses large and small that government interference, government returns of one kind or another and government supervision is stifling the actual objective of these companies, which is to produce some product and put it on the market to sell. I saw a newspaper article recently which indicated that the percentage of people employed in office work is now increasing and the percentage of those employed in production decreasing. This is brought about to a large extent by the factors I have just mentioned, and government intervention in all these matters has caused a great deal of difficulty to small businesses.

I want to say, Mr. Speaker, that these theories of social and economic advances must be approached with caution. Last year I felt that the bill to establish the national economic development board went as far as it should have gone in the direction indicated by this new bill. Perhaps this new bill has gone too far, in that its direction is more intensified toward control of private business. We have to approach the matter with caution. We must not bring new ideas and specialized personnel to the point where they are devoting their efforts to non-productive objectives. I hope that the minister when he replies on second reading, or when we get to the committee stage, which we hope to do this afternoon, can assure us that this type of legislation and the work of this council will be approached in a cautious manner and that there will not be forced upon Canadian business another series of interferences by way of government forms and returns, and so forth, without an effective result being produced as far as business is concerned. If that assurance is given I see no reason why we should not support the bill.

Progressive legislation can be effective and useful if it is taken with caution. I do not want to mention any other matters, but matters have come before this house in recent weeks which a lot of us feel were brought about hastily and without proper thought. What we fear with regard to this bill is that in order to make a great impression on business and on the people the government will rush into interference with business in Canada in order to improve the employment situation and increase production and exports. Often if you rush into these things without proper groundwork being laid the effect is the absolute opposite of what was intended.

We do not get the results intended by legislation already on our statute books, nor do we get the result intended by new legislation.

May I say in conclusion, Mr. Speaker, that the former bill on the economic development board was a satisfactory step. As I have stated, there is only one objectionable feature in the new bill, and that is in clauses 9 and 10. In the old bill the clauses were very limited and were prescribed with caution. The wording was carefully considered to the point where the council could not misuse its powers of direction. I am afraid that the same caution has not been used in the drafting of this present bill, but if we have the necessary assurances from the minister we will be satisfied to support the principle of the bill, with some hesitation as to the government's intention.

(Translation):

Mr. C. A. Gauthier (Roberval): Mr. Speaker, I have listened with great interest to the statement made by the President of the Privy Council (Mr. Lamontagne) according to which the purpose of the economic council of Canada is to establish planning in our country. He also made a point of being explicit about the sort of planning he had in mind. In fact, the President of the Privy Council is an expert on planning fundamentals. When I see him, I am reminded of our great Quebec socialists. That is why we are always somewhat leery. Quebec is against all forms of socialism and the President of the Privy Council should know it since he has suffered two bitter defeats in his own city because of his ideas on centralization; he even had to go into exile in an English speaking riding.

When the President of the Privy Council uses the expression "indicative planning", I am yet confident. It even seems that he is trying to convince himself by repeating in his bill the words "assess, recommend, study, reexamine, analyse, encourage, initiate research," etc.

But I would advise him to be careful at all times on the brink of dangers he seems anxious not to reveal to the people. In fact, the government would have shown more respect for democracy if they had had two members appointed by each province and three by the federal government. Such a membership would be acceptable to all provinces and to all parties in the house. Thus they would have set up a national council representing all ten provinces.

So the objective of the economic council will be to study that grand system of supply and demand, resulting in all the various unpredictable up and down cycles, but having a real cause nevertheless. It is that cause I want to discuss before the house.

When I see the President of the Privy Council consider only two parts of our economic system, I am always surprised to find that he does not go farther along those lines and does not use the third part of our present economic system. Is it a lack of agility? Perhaps he keeps that last ball up his sleeve, to keep us guessing. That is his secret. Nevertheless, that omission should not be made on purpose, let alone, rewarded.

Mr. Speaker, the possibilities of adaptation of our industries will be considered, and even the creation of new industries if possible. Very well.

When we deal with markets, I feel that we give too much importance to export industries and not enough to manufacturing industries capable of reaching the private market. Certainly we should think about exports, and we can even boast of being one of the largest exporting countries.

And despite the fact that Canada ranks fourth among exporting countries, our trade balance is becoming more and more unfavourable. Is that not food for thought for our economists? I am not an economist but I have enough common sense as far as administration is concerned to realize that, if I sell 50 per cent of the lumber on my woodlot to pay my suppliers and still owe more, my lot is not producing as it should, or expenses have got out of hand.

While, with our exports in relation to our population, we should have enormous surpluses, we find in the end that we have increasing deficits. The defect certainly goes deeper than exports themselves. This deficiency in our economy is that we have completely ignored the local market. Consequently, we have taken great care not to help, encourage, back, not to mention all the other words used by the minister, the market we have here, within our reach, the domestic market.

I want to point out that these last years, the federal government gave all the assistance that was needed to certain industries, mainly to those with foreign capital, based on our natural resources, and completely forgot the smaller industries which could do nothing else but barely carry on in this one-way economy.

I could not say what the minister thinks about this but I am sure he could not help seeing that deficiency.

However, I fear his cure. In any case, if a better physician cannot be found, I hope with all my heart that he will rectify a mistake by helping the industries which should have been the first concern of the past governments, private industries, family industries. Thus, he would, I think, apply the effective cure to our deficit of payments by renewing, modernizing, multiplying and creating, in some cases, numerous private industries which have been needed for over 20 years in order to meet consumer demand and supply the domestic market which is today out of our control in a proportion of 60 per cent.

In brief, Mr. Speaker, I feel it is urgent—and Social Crediters have been saying this over and over again for 25 years—to deal with the crucial problem of the processing industry in our country, without slowing down the growth of our big industry.

How many consumer goods are we obliged to import when it would be so easy to produce, manufacture and process them here?

I cannot go into details because I will do so when the bill is studied in committee, but you can see all the sectors that the processing industry could cover all over the country, thus giving work to thousands of workers who could more easily consume all the goods manufactured in our country.

In spite of what our good economists say, we Social Crediters remain convinced that the great ill of the day is the lack of purchasing power due to a faulty distribution of credit.

As long as our modern economy rests solely on supply and demand, without taking into account capital and distribution, we will go from recession to recession every three or four years at the whim of those who control the faucet of our credit and of our system of distribution.

Since it is mostly concerned with exports, our big industry will continue to have a surplus of production at certain intervals because there is not enough variety at the secondary level of industry and it will be our small industries which will suffer the most from that situation.

I wonder if the President of the Privy Council ever asked himself the following question. Would it not be those who control our monetary system who cause those ups and downs, those alternating periods of surplus and restriction?

When, for instance, your business has been going well for three or four years and everybody is working, the bank suddenly tells you that it must cut off your credit, and you wonder why, but the only answer you get is that banks have decided to do so all over the country.

Everybody must accept that decision, private individuals, provincial governments and even the federal government.

That is why encyclicals state that those who control credit and money also control the lives of people.

Yet, we look for an answer, we examine the situation and we nationalize everything that comes under provincial jurisdiction. We are so anxious to solve the problem that we no longer even hear the protests of the provinces. Are we not doing the same thing as the foolish virgins of the gospel?

Let us put our house in order before we start telling the provinces that they are unable to solve the problem of unemployment.

Actually, unemployment is not a problem at all; it is just the normal consequence of undue interference on the part of the central government.

What our major concern should be under the present circumstances is to nationalize bank credit.

That would keep the great centralizers busy for a while. Let them start by centralizing credit. Let them give back to the Bank of Canada the exclusive powers of making and issuing all credit across Canada.

In the industrial field you will admit that some industries in the present situation must be guided by the state and even state controlled.

In the monetary field, you will admit also that eight private companies are able to issue, on behalf of the state, the credit which represents its face value, its actual wealth.

I do not understand you or I understand you too well. Spelling out the facts might be the greatest scandal against the state and the people.

You remind me of a milk producer who wonders what to do with its product while consumers are waiting for it to survive. Everybody starves because our producer decided against the use of a delivery man to take it to the consumers.

Is it because they do not understand or is it because they are paid not to understand?

That is the question we have the right to ask ourselves with respect to this government.

You persist in saying that the logical system of Social Credit is not feasible—because it does not suit the modern financiers and our would-be millionaires. But, at least, find a better one. And stop clowning in front of the people in order to distract their attention from the truth.

Those really responsible for our unappealing economy are not up on the moon. They are right here. They are the government and all the successive governments which sold out to big finance, and which are still living off the traitor's pay-off, surrendering their country to some financiers from whom they have accepted blood money.

The great remedy would be a nationalist government which would operate, at last, in the interest of the people who elect them and not of American finance.

Mr. Speaker, we are first of all for private enterprise, and we consider every act of the government as bringing assistance to that private enterprise.

Today, times have changed, and production must adapt to our atomic era and for that purpose, governments must support the almost superhuman efforts of private enterprise.

As for this bill, the federal government must give assistance, provided that doing so it does not violate any statute.

Under the pretense of playing the good Samaritan the federal government should not infringe upon the exclusive jurisdiction of the provinces.

If the chairman of the future economic council abides by the standards stipulated in the bill, then we will be confident that this organization will be of valuable assistance in the improvement of our Canadian economy.

I would even dare ask something of the president. I acknowledge his high qualifications as a rational and enlightened economist, but I should like him to be a little more daring and I want to repeat this, I should like him to be a little more daring in his future research. In a word, would he stop just looking at facts? I have already seen many other economists doing just that.

I believe, sir, that your years of being factual are behind you and that your new duties require broader views. Stop being contemplative and initiate the new economic discoveries our country needs so urgently. Break away from the narrow framework of partisan philosophy and think of the greatness of our country.

[Mr. Gauthier.]

I am not prone to condemn at first sight. That is why I will have faith in the new council.

I am sure that the government will be able to take advantage of all the suggestions put forward in this debate.

Let us not forget that the federal government has been created by the provinces and that it will not be able to work seriously and efficiently unless it obtains full co-operation from the ten provinces.

The objective of the government, namely to create a system of economic planning in Canada, with close consultation with the provinces and the private sector of our economy, is most commendable.

We hope, for the minister's sake, that we will not have to wait too long for the desired results in the best interests of the labour force of this country.

(Text):

Mr. Terry Nugent (Edmonton-Strathcona): Mr. Speaker, I do not intend to take up a great deal of the time of the house today speaking on this bill. The subject, however, is a very important one. The scope for debate is very broad. This subject has recently occupied a great deal of our attention during the last two election campaigns, when it was mentioned from almost every platform in the country. I am sure it is a subject that is dear to the hearts of all Canadians, particularly since they have been somewhat frightened, bewildered and misled by the barrage of propaganda directed at them from the Liberals during the last two campaigns. The Liberals have been telling the people what a terrible state the country is in because of the Conservative government we have had for the last few years.

The purpose of this bill is to establish a council which will take a good look at the economy and report on the state of the economy. The Liberals would much prefer that any such report were given to them in private rather than to the public because they would much prefer to dispense their own kind of misinformation to the Canadian people. They have found it pays; they would not be in office if they were not so successful in selling this misinformation. However, I do not want to rehash the last two election campaigns. I do believe that we have had perhaps too much propaganda and not enough analysis of the factors in those parts of Canada's economy where the government can be useful.

A casual look at the subject will indicate the many roles a government can play. I am

sure that those of us who believe in private enterprise are not at all interested in trying to get the government into business any more than is absolutely necessary. We believe in the maxim that the best government is the one which interferes the least. However, the modern world in which we live and the competition from other nations, makes it almost impossible for an industry in Canada today to survive and expand as it must without some help from the government. Other nations have their industries regimented, assisted or controlled by the government. They are financed by the government. The laws of the country are made to assist these industries to export their goods. Whether we like it or not, therefore, in order for Canadian business to have a chance to compete the government must assist in some ways.

Some of this assistance, of course, has to be in the form of a guard against the harmful effects of governmental action by other countries, and the influence they have on their own industries and their own exports to this country. Some of the effects we must have would take the form of financial assistance to our own exporters who want to enter markets where the purchaser might not be financially sound or where the cash to purchase the goods is not readily available.

I am sure that we should have spent much more time in considering the fact that Canada is just a new manufacturing nation. We should have considered the fact that, while we are very proud of what we have in this country, generally as a nation we had had much less need for education in order to get along. The educational standards of Canadians, therefore, have been very low. If we had considered all these facts, we would have realized some of these fundamental difficulties a little quicker than we did. I am just citing this as one example of the way in which the government could have used a little more foresight, and I am wondering if there are similar areas in which foresight could have been used. We discovered, almost belatedly, that we did not have a pool of skilled workers. We started to try to change this country from a producer of raw materials to a manufacturing economy. We started to build new plants and found we did not have the skilled tradesmen necessary to man those plants. We started a crash program to train them. Now I suggest that if there had been more imagination, more consideration of what I call the fundamentals of Canada's economy, whether it be by a skilled advisory group or by a government, we would not have been so late in recognizing the need for these skilled tradesmen.

I am happy to think that the problem of Canadian ownership of industry is receiving attention. I was glad to see that the government was quick to withdraw the method by which it was suggested they would do something about it. Certainly, the fundamental point here is that you do not get people to do things by punishing them if they do not. You encourage them to do what you think is best for the country. If there is one thought I may give the house today in this respect, it is this point of the encouragement of Canadian ownership. Obviously if the country is going to change from a producer of raw materials to a manufacturing economy, large amounts of capital have to be found. If these large amounts of capital are to be imported, then we are going to have a good percentage of our means of production owned outside the country.

The alternative is to turn the Canadian from being a saver into being an investor. Canadians are too cautious, too slow to invest, too careful of their dollar. We must show a little more daring. The only way you can encourage this is by giving rewards for investment. I would suggest the only way this can be done is to put in a new incentive for the wage earner, put him in a new tax bracket if he invests a certain percentage of his earnings per year. This might be done through a payroll deduction plan. Let us offer companies these same tax concessions to spread out their shareholdings amongst many more Canadians. Every time they sell more stock in a company give them a special tax concession. Let us tie it all together with a buy-Canadian program. By laying stress on these things, we will give encouragement rather than discouragement. Perhaps we will start tackling these fundamental problems in the right way. I hope that those on the treasury benches, and this council when it comes into being, will at least consider this method I have suggested.

The Acting Speaker (Mr. Batten): Is the house ready for the question?

Mr. Gregoire: Before you put the question, Mr. Speaker, I rise on a question of privilege. *(Translation):*

Mr. Speaker, before the question is put, I should like to rise on a question of privilege and I think I must do so today because of the remarks made by the hon. member for Argenteuil-Deux-Montagnes (Mr. Drouin) earlier this afternoon.

In fact, the hon. member attempted to mislead the house this afternoon when he rose on a question of privilege to say that a member of our party had indicated, in the Parliamentary Guide, that he was a member of the Liberal party, because had the hon. member read the English version, in the same volume one paragraph before he would have noted

that the hon. member for Shefford (Mr. Rondeau) is shown as a member of Social Credit.

It is true that in the French version, the word "Liberal" is mentioned, but on the other hand, the hon. member could have seen the words "Social Credit" in the English version before the French one.

Mr. Speaker, I think the facts should be set straight the same day, when one of our members who is ill was accused unfairly. I think it was unfair to point that out to the house.

(Text):

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, I had prepared a speech for second reading of this bill, but I do not want to delay the house. However I do wish to say as an unregenerate democratic socialist I do not expect too much to come out of this bill, regardless of the best intentions of the government, so long as the commanding heights of our economy are in the hands of monopolistic capitalism, and to a large extent in the hands of foreign owners.

I want to endorse completely everything that was said by the hon. member for Nanaimo-Cowichan-The Islands (Mr. Cameron) and to place my position on the record so as to protect my flanks in the days ahead.

The Acting Speaker (Mr. Batten): The question is as follows: Mr. Lamontagne, seconded by Mr. Pickersgill, moves that Bill No. C-72, an act to provide for the establishment of an economic council of Canada, be now read a second time.

Is it the pleasure of the house to adopt the said motion?

Some hon. Members: Carried.

The Acting Speaker (Mr. Batten): Carried on division.

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

On clause 1—*Short title.*

(Translation):

Mr. Pigeon: Mr. Speaker, could the minister give me a short answer to this question? Why does he not take the opportunity of the federal-provincial conference to be held in a few days, to present this bill to the provinces and obtain better co-operation from all concerned?

(Text):

Mr. Thompson: I just wish to say, Mr. Chairman, that there has been a great deal said about economic planning and about the future of Canada during the course of this debate. The debate has ranged, on the one hand, from calling this legislation utterly useless and insipid, to calling it dangerous and dictatorial on the other. Taking a strictly objective and constructive view so far as the setting up of this economic council is concerned, I say it can render a great deal of good and a genuine service to Canada if certain precautions are heeded and a few fundamental changes are made to several of the sections.

There can arise real areas of conflict between the economic council of Canada and other regional and provincial economic councils, such as the Atlantic development board. In my opinion there is a real and pressing need in two areas so far as the function of the council is concerned. First it involves overall co-ordination and interlocking with provincial and regional economic boards and councils, and second there is a need to bring about a greater degree of co-operation and understanding between management, labour and government.

The greatest danger we see at the senior level of government is that it will appropriate to itself the sole responsibility for the creation and execution of all plans. In this respect I would like to read a portion of an editorial which appears on page 32 of the July issue of *Canadian Business*. This article is very timely, and it says under the heading "Too Much Government Elbowing":

> The greatest danger we face is that our senior levels of government will appropriate to themselves sole responsibility for the creation and execution of all plans. It is still timely to remind ourselves that the prime responsibility of government should remain the clear delineation of long range objectives and the revamping of the financial and commercial structure through appropriate changes in taxes, tariffs, combines legislation and the like, to create an economic climate that encourages and prods private industry into constructive expansionary programs. If it is true, as indicated in the speech from the throne, that these are "times of great change throughout the world" when "the task before us is to seek out with wisdom and imagination, those new paths that will surely lead us forward," it is also true that the need for business to maintain maximum flexibility and freedom of choice is equally imperative. This requirement is not fulfilled by governments vying with each other to erect a multiplicity of new administrative bodies and to assume financial responsibility for activities now largely and more properly the responsibility of the private sectors of the economy . . . National and provincial attitudes with respect to taxation, industry rationalization, welfare, financial and fiscal policies all need to be formulated and pursued in a manner that aids and not hinders Canada's drive toward our minimum growth objective.

In this legislation we must have a guarantee that there will be full consultation with proper representatives of labour and management before instituting production expansion and research programs. What incentives for co-operation are there if the reports are to be withheld and if the findings of the council are not to be published? The question is simply, how do labour and management have

a hand in planning productivity and assistance programs if they are to be removed or elbowed out from the carrying out of programs introduced by the council, and which are taken over by the government? I think we should bear this in mind as we go through the clauses of the bill.

Mr. Gelber: Mr. Chairman, planning has become fashionable but even though it is fashionable there is no reason it should not be examined. It seems to me there was much lacking in this debate, but the problem we are facing is a serious one for the country. This country must grow economically at a faster rate than it has been growing.

In certain parts of the house there is a feeling that we should go back to the free, automatic, self-correcting market, but this market does not exist any more. Since the days of Sir John A. Macdonald we have always interfered with the development of business in our national policy. We have directed business in certain channels, we have provided avenues for business to develop in, and have provided a climate in which investment can come to Canada.

Mr. Chairman, as our country has developed in two world wars we have come to a stage of industrial maturity more akin to that of the United States. At the present time our economy and state of industrial maturity are more similar than ever before in our history. One further illusion has been destroyed; that is, that the more dissimilar are our economies, the more our trade is increased. We have to create in Canada a proper framework in which business can develop and prosper.

There is a view that our future can be both bright and haphazard. This is a mischievous idea. We certainly knew in the depression of 30 years ago that the so-called free market could exact too great a price. The unregulated market can be unstable, it can be capricious, it can be irrational. This is not good enough. We now have economic tools which we and others have developed, that can be used to guide the development of our economy, to lead us to higher economic plateaus and, to provide a greater abundance for the people of Canada. In providing this economic context one of the things we have done is provide welfare payments, social insurance benefits, social assistance, health and welfare services, from all levels of government amounting to $3,300 million a year. This was the figure in 1961, which was 11 times what we had paid in the immediate post-war years. This is not only a great social advance but it helps provide a market; it helps provide an economic context in which business can develop. This represents an important social revolution and is a compelling economic fact. The key to economic growth is profitable investment.

Mr. Chairman, I would like to quote from a study made by the international labour organization, published in 1961, by a group of experts one of whom was Professor Benjamin Higgins of McGill University. It says this:

> The experts' analysis of the nature of the problem confirms the belief that lack of employment opportunities is due largely to capital shortage. In their view policies for proper utilization of labour must therefore centre mainly on ways of increasing investment and of making the best use of such capital as countries have or can obtain.
>
> The first requirement is to raise the level of investment. As employment opportunities increase, the living standards of those who would otherwise have remained unemployed or underemployed will rise and there will be an urgent need for larger supplies of food and other necessities.

The key to economic growth is investment. We must provide more job opportunities; we must provide 250,000 additional jobs each year in this country. We have the resources, we have the manpower and the plant. We must now direct our economic activities into channels which will provide a greater rate of economic growth. Total new capital outlays reached a peak in 1957, declined in subsequent years through 1961, but rose again in 1962 and appear to be going upward again in 1963. These totals, however, are not sufficient to create a level of full employment in this country. We have in Canada half a million unemployed. If we are to create a higher level of employment we must encourage the mobilization of our economic forces and create a greater flow of investment capital in order to accelerate our rate of economic development.

This bill is to call together, to negotiate, to talk to people who are concerned with planning. We are planning at all levels of government; we are planning in business. It is a matter of getting an over-all umbrella for the co-ordinating of a plan of economic development. This matter has urgency; this matter has importance; this matter is a challenge to Canada and is a step along the road to an over-all plan for the economic well-being of Canada, in co-operation with the provinces, municipalities and business. It opens up new opportunities for the development of this country.

The Chairman: Shall clause 1 carry?

Mr. Scott: No, Mr. Chairman. There are a few general remarks I should like to make on the bill and which we would have made on second reading except that we thought it

preferable to have second reading and make these remarks at the committee stage.

As has already been pointed out, the bill is really almost identical to the one brought before us by the previous government, which bill at that time intended to set up the national economic development board. There are two major changes in it, the enlarging of the permanent staff of one to three, which is a distinct improvement, and the arrangement for a greater amount of publication of some of the studies which the board will carry out. This in itself is, again, an improvement and is welcomed. However, beyond that point there is really not a great deal of difference between the two bills, unless the minister can draw some matters to our attention which have escaped our notice to this point.

My chief reason for wishing to participate in this debate is to deal with some aspects of the minister's speech when introducing the measure on second reading. The speech itself was an interesting one. Knowing the calibre of the minister and his general economic reputation, we expected nothing less from him. It was interesting chiefly because it was one of the few occasions when anyone in the chamber has attempted to substantiate by some reasonable, economic arguments the planning attitudes of the government. We have had a great deal of discussion from the Conservative party about regimentation, interference with individual rights, and all that sort of nonsense. But the minister's speech was a rational attempt to economically explain their position on planning. As I say, Mr. Chairman, we expected nothing less from him, knowing his reputation.

I would like to deal with some of the points he raised because we in this party feel that the attitude he expressed is to some degree economically unrealistic and is a misrepresentation—not an intentional one—of the positions and policies we have advocated in this and other debates when similar economic measures have been under consideration.

In his speech the minister spoke of two types of planning. He first spoke of what he called indicative planning, and then of imperative planning. I think we should make it perfectly clear for the record that this bill does not provide either indicative planning or what the minister calls imperative planning. The minimum requirements of good, effective indicative planning is a planning board that will use all the advanced technological facilities at the disposal of the economists and that, after its studies are completed, will come up with a picture of the economy of the country as they would like it to be; a picture of the economy that will use the input and output table analysis, that will show the desired levels of production and the breakdown of the desired levels by industrial sectors, that will trace back how these can be developed. These tables will affect the employment of manpower and the location and distribution of capital investment. This picture of the economy is then made available to the country and to industry generally, and it is hoped they will use this picture or plan of the economy to guide their investment policies and to regulate the scope of their own economy. In short, it is hoped that the economic sectors of the economy, industry and other people involved will co-operate with regard to the levels of employment and investment which are envisaged in the government's plan and go beyond the levels of economic growth.

An analysis of this bill makes it perfectly clear that it does not even go that far. I know that at the conclusion of his speech the minister spoke of the necessity for devising a plan of economic development. That is not in the bill. Its terms of reference are very vague. It seems to be largely a fact-finding, information-gathering, information-co-ordinating agency. As the council develops under the guidance of the minister, perhaps he will be able to turn it into a proper agency of indicative planning. We very much hope that this will be the case, but as it stands at the present time the bill does not provide for indicative planning as understood by economists and as indicative planning takes place in other countries of the world.

The hon. member for Nanaimo-Cowichan-The Islands dealt this afternoon in some detail with some of the indicative planning which has been done in France and the amazing amount of success which has followed it. For the information of members of the Conservative party who were very worried about infringement on the rights of big business and private enterprise, it is interesting to note that in France when indicative planning was commenced the business community were opposed to it. But then as they appreciated its advantages and the way it could assist them, people in private enterprise are now its proponents and some of its major supporters. When you examine our proposals in comparison with proposals in other countries of the world, Mr. Chairman, you will realize how weak this council will be. The hon. member for Nanaimo-Cowichan-The Islands pointed out that the section of the French plan which prepared indicative planning has a permanent staff of 50 with casual employees numbering in the hundreds in order to draw up the type of indicative plan which is needed. Under this bill we have three permanent people, some part time directors and presumably some staff; but our

suggestion is that this type of organization is totally incapable of doing even the indicative planning of which the minister spoke.

The real tragedy of this is that good indicative planning does work. If you prepare a plan of your economy as you want it to be, and if the industries of the country are convinced that the proper amount of research, accurate information and the proper amount of time has gone into drawing up such an economic plan, probably at least 50 per cent of it will be effective. Our main objection is that unless you are prepared to add on to your general plan some agency to ensure that it is carried out, then the general effectiveness of the plan itself is greatly diminished.

The other matter the minister spoke about was what he called imperative planning. This is nothing but a straw man set up by the minister, which he immediately proceeded to knock over. It is a caricature of our position to suggest that the detailed over-all planning that we advocate requires a daily, detailed intervention by government in each sphere of economic activity. To some extent, as I have said, well prepared indicative planning does work if it is a genuine plan. It works even better if the sectors of the economy which are involved know that behind the desire for co-operation lies a mechanism which, if necessary, can be used to see that the plan is carried out. If plans are to be effective governments must be prepared to intervene at critical points in the economy to ensure that the plans are carried into effect. If you are not prepared to do that, Mr. Chairman, then you are just playing around with the whole concept of planning. If your economic plan provides the mechanism to see that it is carried out, you will never need to use it in 90 per cent of the cases, because if it is an effective plan which can be consummated by the government, private industry will go along with it and you will not be required to interfere in those sections of the economy.

The minister said in his speech that one reason he is opposed to imperative planning is that he does not think that imperative planning could work in an industrial society. He stated that this was an acceptable form of planning for underdeveloped areas but that it would not work in an industrial society. All the minister is saying in that sentence really is that in our industrial society as we know it now the existing power groups are already so strong and so well-entrenched that it would be very hard to deal with them. But whether the government plans or not, whether it leaves it to the spheres of private enterprise, planning does take place. If it is not done by the government in the interests of all the people, then it is done by private enterprise in its own interests. That is the complaint that we make with the statement made by the minister in introducing this bill.

The private sections of our economy plan for their own welfare, and plan very inefficiently. As far as I am concerned, I cannot understand why governments are not prepared to step in and protect the interests of the community as a whole. When a government steps in to see that a plan for the general welfare of the whole community is carried into effect, you are not at that stage interfering with the rights of private corporations; you are affirmatively asserting the rights of individuals in the community in general rather than interfering with the private rights of corporations.

The minister further said that effective planning or imperative planning would involve wage and price controls. With all due respect, Mr. Chairman, that is nonsense. All you are doing with effective economic planning is controlling investment. Effective economic planning deals mainly and exclusively with the proper location of investment in the economic sphere of the country. For example, the minister said it would not work because we have a mixed economy in Canada. This again is not so. The mixed economies of Europe have had to use many of the planning techniques we in this party have advocated over the years, and they are working very well. So that a mixed economy can be adapted to the whole concept of proper and effective economic planning.

The minister also said that effective economic planning could not be used because we are living in a federal state, with the provinces having their own jurisdictions and their own areas of operation. This is a real problem. No economist could afford to ignore or overlook it. But surely the real problem is this, that our governments in the past have never really tried to solve the problems we face as far as the federal structure of Canada is concerned. We have always said that planning has to be federal, provincial, and much of it also municipal. The real difficulty is not hiding behind the problems which confederation creates but in trying to sit down, in co-operation with our provincial and municipal groups, and see that the present institutional and jurisdictional situations are developed in such a way that our planning can be effective.

The hon. member for Nanaimo-Cowichan-The Islands pointed out how the pensions scheme, if properly used, could provide a tremendous fund which could be allocated among our provinces. Once you begin federal planning you begin to draw in provincial

bodies. They begin to co-operate in your schemes. You begin to draw in your municipal organizations. What we in Canada need is a permanent secretariat dealing with provincial and municipal matters. Perhaps we even need a minister of state for the provinces. Perhaps our provinces need departments of federal relations. But certainly the difficulty is not going to be solved merely by saying that our federal constitution makes effective and proper planning impossible. This is not so. What is required is to get into the whole field of economic planning, and then you will find that many of your constitutional difficulties will prove to be imaginative. The minister spoke of a plan. But that is not in the bill. Maybe he will tell us what authority is in the bill for drawing up such a plan. We should like to see it. He spoke about implementing a plan. We would like to know how. If the government is not prepared to intervene in the economy, how could it ever implement such a plan completely? Is it merely intending to rely on the co-operation of the people concerned?

In conclusion I should like to say a word in explanation of why we have been so insistent on discussing planning in this debate. When one examines the broad field of Canadian affairs he begins to realize how many matters await attention of governments both federal and provincial. There is, for example, chronic unemployment, the misallocation of investment, the lack of social capital to carry out important and necessary works, the slowness of regional development, the fluctuations in the business cycle of which the minister spoke and its reaction on our economy, the slow rate of growth and the fantastic changes which are taking place in the pattern of world trade. We believe that proper planning really can pursue the goal of full employment without endangering the balance of payments situation. We have been asking ever since this house assembled for some clear statement by the government on its trade policy. It is only by means of proper economic planning that we can really analyse our economy, find out what industries can compete in world markets and which are so inefficient that they cannot do so. It is only by means of proper economic planning that we can provide a scheme of adjustment assistance to industries which need such assistance during a period of transition. We are faced with all the difficulties posed by automation. We have to contend with a situation where so many of our assets are under foreign control. We must recognize that there is in Canada a lack of economic democracy—in practice the consumer has no rights, and no say about what is put on the market. His opinions are, in any case, created by the mass media. There is still educational inequality. Does anyone in his right mind believe that all these things can be tackled and put to rights unless there is an over-all plan for Canadian development which would marshal all our resources, decide what we are capable of producing and determine how Canada can fit into the pattern of world trade?

I wish to emphasize once again that with the best intentions in the world this poor economic council will not be able to remedy this situation. It has neither the power nor the authority necessary to do even the elementary work of indicative planning, much less to see that the plans made are carried into effect.

Of course, the proposal represents a step forward and we intend to support it. We hope the chairman will take this council and make something of it. If this is done, perhaps in the years ahead Canada can move into the modern world of economic planning and take her place among some of the more progressive and forward looking nations of the world.

Mr. Pickersgill: There was a kind of informal arrangement—I do not wish to put it any higher that that—that we would try to finish this bill today, and I was wondering whether it would be the wish of the committee to sit on for half or three quarters of an hour with a view to trying to complete the committee stage.

Mr. Diefenbaker: In ordinary circumstances I think there would be agreement to continue to sit, but I know plans have been made by various members based on the assumption that we would rise at six o'clock, the regular closing hour.

I was glad to see the words of commendation used by the Secretary of State last evening with reference to the co-operative attitude shown by the house, but I think this is one occasion when it is impossible to accede to the request which has just been made, much as I would like to do so. In any event, there will be a good deal of discussion on this subject. I am very anxious to hear the President of the Privy Council as he gives us, as I am sure he will, the philosophy which will animate the government in connection with the operation of this economic council. We are as desirous as can be of hearing the hon. gentleman translate the philosophy in the book which was mentioned—I gave only part of the name when I referred to it in the house; I gave the second part of the name and left out the major part. I noticed on examination of *Hansard* that the hon. gentleman asked me a question, a question I did not hear, as to whether or not I would give the full name of the book. Anyway, I am

sure the hon. gentleman will wish to elucidate some of his philosophy. We have been anxious to hear him translate into concepts for parliament the general views expressed by him during the days when he represented the tribune of the Liberals. I am sure the house would not desire to deprive itself of the fullest opportunity to hear the hon. gentleman. This is an important piece of legislation and anything on our part which might rush it to a conclusion would certainly not be a proper discharge of our responsibilities in the opposition.

Mr. Thompson: The situation in which we now find ourselves in this house does not allow time for light hearted jesting about what we should or should not be doing. We have wasted hours and hours on this bill without referring to the specific items with which we are concerned.

An hon. Member: Wasted?

Mr. Thompson: Yes, a lot of the time has been wasted. It seems to me we should realize that there is a certain amount of work which we should be accomplishing, and get down to the business with which this bill actually deals.

An hon. Member: Politics.

Mr. Thompson: This is not a question of politics. Mr. Chairman, if you would ask certain members to be quiet you might be able to hear what I have to say. We are very willing to co-operate in extending the time of sitting in this house, now or on some other occasion, in order to get down to the work we are supposed to be doing; but as long as there continues to be the attitude which some people have in this house I do not suppose we shall really make any progress.

It had been informally agreed by the different parties in this house that we would try to get this through tonight. However, some of the most important aspects of the measure are still ahead of us. It is time we began to deal item by item with the work before us, allowing sufficient time for this to be done. Otherwise, we shall be running contrary to everything which was said during the earlier stages of debate. I am sorry we are not going ahead to make the extensive progress which we could have done today had we wished.

Mr. Knowles: What has already been said makes it clear we are not going to sit beyond six o'clock, though the clock I am looking at does, indeed, give us a few minutes longer. In order to clear up what may be a misconception, let me say I know of a general understanding that we would try to finish second reading today. I think we have kept that understanding. I knew of no understanding that we would attempt to finish any of the later stages.

Mr. Pickersgill: If the hon. gentlemen would read the words I used last night as reported in *Hansard* he would see that they admit of only one interpretation. However, I think it would be fruitless to split hairs in connection with it.

Clause 1 stands.

Progress reported.

BUSINESS OF THE HOUSE

Mr. Pickersgill: Mr. Speaker, before the hon. gentleman rises may I say I believe there is a general understanding that it is agreeable to all hon. members to have an order of the house to continue until the end of the month of July the hours of sitting that we have been following during the present week. If that could be so noted it would save having a formal motion and save a little of the time of the house in that way.

Mr. Diefenbaker: That represents the agreement. I think it is a good idea. I think it is reasonable and it is not oppressive in any way.

Mr. Thompson: Mr. Speaker, we agree that we should continue with the hours that we have been following this week, and if it will facilitate getting through the work which I think it is generally agreed we should be getting through the hours might even be extended.

Mr. Knowles: What the Secretary of State asks for is what we agreed to originally and we stand by it.

Mr. Deputy Speaker: Is it agreed that the hours of the house for the rest of the month shall be the same as they are now?

Some hon. Members: Agreed.

Mr. Monteith: I have just one question. How does this affect the hours of sitting on Friday?

Mr. Pickersgill: As I understand it, the hours of sitting on Friday are from 11 o'clock in the morning, with the usual luncheon adjournment, until 6 p.m. The government would be very happy if the house would consider sitting on Friday evening but I am not asking for that. Hon. members might think about it and if they think it might be useful in making progress we could decide that on Friday. I say that the government would be very happy but I am not asking for any decision now.

Mr. Thompson: May I ask the house leader a question in this regard? If we wait until

Friday to decide whether we are going to sit on Friday evening it will seriously disrupt the plans of a great many members of the house who otherwise would be going home for the week end. This actually happened last Friday because last Thursday I understood it was agreed that we would sit until midnight on Friday. Many of our members agreed to do that, and then some time on Friday afternoon the arrangement was changed and the plans of a number of members for their week end activities were seriously affected.

Mr. Pickersgill: I can repeat that if the house is in the mood to accept a decision now to sit on Friday evening no one would be as happy as I would.

Mr. Monteith: Apparently the order is going to cover the same hours as we have now. Would the house leader reiterate his outline of the business for tomorrow and Friday at least?

Mr. Pickersgill: It was understood that tomorrow we would start at once with the Canada pension plan resolution. That would be the order for the whole day, unless debate should be completed before the day is over. It was indicated that on Friday—and the hon. member for Perth spoke about this last night —if there was a general understanding that there would not be a protracted debate, we would take the customs tariff bill and also the other tariff bill first; but if there were to be a protracted debate I think we would prefer to leave them over until next week. In any case, the main item of business for Friday would be the income tax resolution, and should that be completed we would then go on with the excise tax resolution. Those two items and the tax bills will be the business for next week until they have been completed.

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

HOUSE OF COMMONS

Thursday, July 18, 1963

The house met at 2.30 p.m.

PRIVATE BILLS

COMMITTEE REPORT—STATEMENT BY MR. SPEAKER ON MOTION OF MEMBER FOR PARRY SOUND-MUSKOKA

Mr. Speaker: Order. I have a short statement dealing with a question of procedure which I think it would be in order to make at this time. As appears in *Votes and Proceedings* of yesterday the hon. member for St. Paul's (Mr. Wahn) presented the fourth report of the standing committee on miscellaneous private bills which read as follows:

> Your committee has considered Bill S-15, an act to incorporate The Good News Broadcasting Association of Canada, and has agreed to report the preamble thereof not proven on the grounds that the committee feels that it would not be appropriate in the circumstances outlined to the committee to issue a federal charter.

Thereafter, as reported in yesterday's *Hansard* at pages 2292 and 2293, the hon. member for Parry Sound-Muskoka (Mr. Aiken) proposed the following motion:

> That Bill No. S-15 as reported be referred back to the committee on miscellaneous private bills for reconsideration.

At that point Mr. Speaker intervened to suggest to the hon. member that the proper time to move such a motion would be during the private bills period if the bill was then before the house. Later on the hon. member for Parry Sound-Muskoka stated that under the rules, especially standing order 110, this bill would not be placed on the order paper, and this would prohibit the bill in question being placed upon the orders of the day during the private members' hour. At this juncture Mr. Speaker suggested that the matter be postponed until today to give him the opportunity of going into the matter.

May I be permitted to say that I have considered the matter and to reiterate that it was not the proper time for the hon. member for Parry Sound-Muskoka to propose his motion to refer back the bill under routine proceedings, as he did yesterday, since the bill had first to be placed upon the orders of the day by special order of the house. In this connection standing order 110 applies.

In looking at two precedents relating to similar instances—the first in 1931, at page 552 of the *Journals* and page 3824 of *Hansard*; the second in 1958, at page 401 of the *Journals* and page 3329 of *Hansard*—it will be seen that a motion should be moved and adopted under routine proceedings in order to place such a bill upon the orders of the day for consideration, and the motion to refer the bill back to the committee is dealt with at its proper place when private bills are taken up during the hour for private members' business.

LABOUR RELATIONS

NORRIS REPORT—ANNOUNCEMENT OF APPOINTMENT OF SPECIAL COUNSEL

Hon. Lionel Chevrier (Minister of Justice): Mr. Speaker, I wish to announce that pursuant to the recommendations of the Norris report regarding possible prosecutions, special counsel will be appointed immediately to review all the facts and advise whether charges should be laid against any persons for conspiracy to prevent, by unlawful means, persons from working in the business of shipping; or for conspiracy to commit indictable offences, particularly offences involving violence; or for offences under the Industrial Relations and Disputes Investigation Act.

At the appropriate stage I would envisage that there would be consultation with the appropriate provincial authorities in regard to any Criminal Code infractions indicated by the advice of such counsel.

NORRIS REPORT—ANNOUNCEMENT OF SETTING UP OF INTERDEPARTMENTAL COMMITTEE

Hon. A. J. MacEachen (Minister of Labour): Mr. Speaker, I have a very brief announcement to make. On Monday last, on tabling the report of the industrial inquiry commission on the disruption of shipping, I indicated to the house that the report and the recommendations would be a matter of study by the Department of Labour and other departments. I wish now to advise the house that the government has set up a committee consisting of the deputy ministers of justice, transport and labour and the under secretary of state for external affairs. Other departments may be called in for consultation as the need arises.

This committee has already begun its work and has been asked to bring forward proposals for study by the government without delay. I might also add that I am getting

in touch with the United States secretary of labour regarding a further meeting in the near future.

TRADE

WHEAT—ANNOUNCEMENT OF SALE TO POLAND

Hon. Mitchell Sharp (Minister of Trade and Commerce): Mr. Speaker, I wish to inform hon. members that the Canadian wheat board has made another sale of wheat under the provisions of the Export Credits Insurance Act and will today be making the following announcement from their head office in Winnipeg:

> The Canadian wheat board has negotiated a contract for the sale of approximately 100,000 tons of wheat for shipment to Poland. This sale, totalling about 3.7 million bushels, is for shipment from St. Lawrence and Pacific coast ports during the period August to November, 1963.
>
> Payment for the wheat is to be made on the basis of 10 per cent at time of shipment with the remaining balance to be paid in equal instalments plus interest at 2, 2½ and 3 years respectively. These credit arrangements were authorized by the government of Canada under the provisions of the Export Credits Insurance Act.

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 Trade and Commerce in reference to the announcement he made of a sale of wheat to Poland. Would the minister be in a position to give the house some information as to the terms of the sale?

Mr. Sharp: Mr. Speaker, I gave these terms in the statement that I made. I have given the copy of the statement to the *Hansard* reporter. And the hon. member will be able to read it in *Hansard*.

Mr. Eldon M. Woolliams (Bow River): A supplementary question, Mr. Speaker. At what price per bushel was that deal negotiated between Canada and Poland?

Mr. Sharp: At the best possible price, Mr. Speaker.

Mr. George Muir (Lisgar): Mr. Speaker, I have a supplementary question for the Minister of Trade and Commerce. Part of my question has been asked in other supplementaries. Could the minister give us the grade of the wheat sold to Poland? I wanted the price as well, but he could not tell us what the price would be.

Mr. Woolliams: He has not told us the price yet.

Mr. Muir (Lisgar): I wanted the grade and the price.

Mr. Sharp: Mr. Speaker, when I made this statement I was very careful to say I was informing the house of the announcement being made today by the Canadian wheat board. As I have said on many occasions, the Canadian wheat board is instructed by parliament to sell wheat to best advantage. It has never been customary in this house to reveal details, nor do I think it is proper for me as the minister to take credit for these sales.

Some hon. Members: Oh, oh.

Mr. Sharp: Out of courtesy to the house I did think hon. members might like to know the terms of the announcement that is being made simultaneously in Winnipeg today.

Mr. Robert Simpson (Churchill): I have a further supplementary question, Mr. Speaker—

Mr. Pickersgill: Is this a debate?

Mr. Simpson: —for the Minister of Trade and Commerce. In view of the minister's statement that the shipment of this grain will take place through St. Lawrence ports, and I believe he mentioned west coast ports, would the minister consider asking the wheat board to see that a substantial portion of this grain will be directed through the port of Churchill—

Mr. Fisher: Never.

Mr. Simpson: —where the apparent savings by shipping the grain through this port can accrue to all western farmers?

Some hon. Members: Hear, hear.

Mr. Sharp: Mr. Speaker, it is the policy of the Canadian wheat board, and has been for many years, to ship as much grain as possible through the port of Churchill so the full capacity of that port is utilized. I understand this continues to be its policy.

Mr. J. E. Pascoe (Moose Jaw-Lake Centre): Mr. Speaker, I have a supplementary question for the Minister of Trade and Commerce. Does the minister believe that the sale of 3.7 million bushels of wheat to Poland—

Some hon. Members: Order.

Mr. Pascoe: —will do much to alleviate the situation shown in the latest release by the dominion bureau of statistics—

Mr. Speaker: Order. What is the question?

Mr. Pascoe: My question is that—

Some hon. Members: Order.

Mr. Pascoe: —regarding storage facilities, the figures published by the dominion bureau of statistics figures indicate that elevators will be plugged when marketing of the new crop starts in about three weeks time.

Mr. Sharp: Mr. Speaker, I am sure the hon. gentleman agrees that all farmers in western

Canada would like to deliver as much grain as possible in this crop year. If this fills the elevators, it is the inevitable result of that policy.

FINANCE

UNITED STATES TAX ON INTERNATIONAL CAPITAL TRANSACTIONS

Hon. Walter L. Gordon (Minister of Finance): Mr. Speaker, the message which the President of the United States delivered to congress at noon today is directed towards the improvement of the international balance of payments of the United States. One of the measures to which the President referred was action yesterday by the international monetary fund to facilitate continued investment by the fund in United States dollars. The arrangement is quite a technical one and I shall not try to describe it at this time. The effect is simply to allow the fund's holdings of U.S. dollars to continue to increase as they have done in the last two or three years.

Another measure announced by the President involves a system of taxes on certain international capital transactions. Certain types of capital movements have been causing weakness in the U.S. balance of payments and the new tax system is apparently designed to meet this problem. The tax applies to U.S. nationals who purchase securities, both bonds and stocks, of the following countries: Australia, Austria, Belgium, Canada, Denmark, France, Federal Republic of Germany, Hong Kong, Italy, Japan, Liechtenstein, Luxembourg, Monaco, The Netherlands, New Zealand, Norway, Republic of South Africa, San Marino, Spain, Sweden, Switzerland and the United Kingdom.

The tax rate proposed ranges from 2¾ per cent of the value of securities with a maturity of three to three and a half years and rises to 15 per cent in the cases of securities with a maturity of 28½ years or more. The same 15 per cent applies to purchases of shares. Perhaps I might just read into the record the three paragraphs relating to this particular tax:

> The interest equalization tax would be a special temporary excise tax, to remain in effect through 1965, imposed on the acquisition of stock, securities or other obligations of foreign issuers or depository receipts or other evidence of interest in, or rights to acquire, such interests. The tax would be payable by all United States citizens, residents and corporations, including organizations exempt from federal income taxes. The tax would apply to portfolio purchases of stock or debt securities issued by foreign corporations, governments, or other persons, whether such securities represented new or already outstanding issues and whether the acquisition was effected in the United States or abroad. It would not apply, however, to purchases of interest presently held by Americans.

U.S. Tax on International Capital

> The tax would not be applicable to direct investments by United States persons in overseas subsidiaries or affiliates, nor would it apply to acquisition of any indebtedness payable upon demand or maturing in less than three years. Moreover, loans made by commercial banks in the ordinary course of their banking business would be exempted. The tax would not be applied to purchases of securities issued by international organizations of which the United States is a member, governments of countries considered to be less developed, and corporations whose principal activities are centred in less developed countries. An underwriter or dealer would be exempted from the tax on acquisitions of stock or obligations resold to foreigners as part of the underwriting of a new issue.
>
> The tax would be applied to acquisitions occurring after the date of the President's message. It would not apply to purchase commitments made on the open market on or before that date or to other purchases which the buyer on that date was unconditionally obligated to make. Exemption from the tax would also be provided for purchases made within 60 days after the date of the President's message if the security purchased were covered by a registration statement filed with the securities and exchange commission within 90 days prior to the date of the President's message.

Now, Mr. Speaker, quite clearly the measures proposed by the President of the United States will have wide repercussions in each of the 22 countries I have mentioned. These repercussions, if the President's proposals are approved by congress, may well have an important effect upon Canada's balance of payments and upon the Canadian economy as a whole. It would be unwise for me to say more than this, however, until there has been time to give careful study and consideration to all the implications of the President's proposals.

Hon. George C. Nowlan (Digby-Annapolis-Kings): Mr. Speaker, the statement just made to the house by the Minister of Finance, of which some of us at any rate had some prior knowledge, is one of the most important statements which could have been made to the parliament of Canada at any time in the immediate past, present or future. The implications are such that there should certainly be no casual comments at this time. As the minister has pointed out, there are highly technical questions involved on which one would not wish to pass hasty judgment or make hasty observations. Certainly this message, if it were to be implemented by congress, could have most serious implications as far as the situation in Canada is concerned. Obviously this is a matter for congress, and it would be both bad taste and poor judgment for us to make comments on a matter which has only today been referred to that body.

This bears out what has been suggested in the past, that this problem of the balance of payments is one which the United States government has had well in mind, and it was

questionable whether the budgetary proposition made by the minister should have been put forward at this time in view of the possibility of some such action as this being taken, as some of us had suggested it might be.

Mr. Gilles Gregoire (Lapointe): I think this proposition made by President Kennedy is close to another proposition which was made in this house about a month ago when the Minister of Finance presented his budget. At that time he imposed a tax of 30 per cent on the sale of Canadian stocks or shares to foreign purchasers. The hon. gentleman withdrew that tax, but today the administration of the United States has proposed exactly the same tax except that instead of the rate being 30 per cent it is to be 15 per cent.

(Translation):

At that time, Mr. Speaker, we had in Canada a Mr. Kierans who went to see the Minister of Finance (Mr. Gordon) to ask him to withdraw the tax on the sale of Canadian securities to non-residents. Today we hope that the same Mr. Kierans will go and see President Kennedy to ask him to withdraw that tax too.

Mr. Speaker, I notice however that even if the tax applies exactly on the same grounds as the one the Minister of Finance had introduced on June 13 last only to withdraw it a few days later, this time, instead of the Canadian government getting the profit, it will be the American government which will collect this tax on the sale of securities, and, once again, Canadians will be victimized.

I am sure that when the Minister of Finance spoke to us about administrative difficulties, there were none; but the American government intended to impose that tax today. The under-secretary of state exerted some pressure on the Minister of Finance for the withdrawal of the tax, so that the American government might impose it now on exactly the same items.

At that time the Minister of Finance spoke of technicalities and of technical difficulties. Today, he again mentions technicalities. There are no such technicalities. It is the Canadian government which, once again, complies with demands of American finance.

Mr. Speaker, the Minister of Finance said, and rightly so, that this might affect the balance of payments, but I think that, as we Canadians will certainly benefit less from the influx of American capital in this country, and shall have less American investments here, I think this would be the time for the Minister of Finance to find some sources of capital, to create capital in our own country, so that investments do not decrease and that we continue to develop this country with our own capital, because we shall no longer be able to count on American capital investments.

The Minister of Finance should see things more clearly now that he has been taken in by the American government, and he should learn from that lesson that he cannot count on foreign countries helping Canada—on the contrary we are their victim—and he should see to it that we, in Canada, use our own capital resources to develop this country.

Americans also have their own sources of capital, and they use them, not only for the expansion of their country, but for developing other parts of the world. Canada should do the same thing. This country should get from the Bank of Canada the capital it needs for its development, and then it will have no more cause to complain about decisions made by foreign countries.

(Text):

Mr. Colin Cameron (Nanaimo-Cowichan-The Islands): Mr. Speaker, as the spokesman for the Conservative party has said, this is a most serious statement that the Minister of Finance has had to make to us. However, I think it would be extremely naïve to imagine that Mr. Kennedy has taken this action because of the actions of the Canadian government. I think that is perhaps exaggerating our importance in the world.

It is, however, a situation that the government should have been able to foresee in the light of the continuing stream of reports for many weeks past of the grave concern of the United States authorities over the continuing drain on their gold reserves and the appeals that were made by President Kennedy to United States investors to withhold further transfers of capital to Europe in particular to West Germany, for one.

I foresee that the government is going to face some very serious problems with regard to our exchange rate. If they attempt in the face of this move on the part of the United States authorities to maintain the fixed exchange rate and to pursue the minister's professed goal of a balanced budget, we are going to find that the Canadian people will have to pay a very bitter price for it.

I suggest that the government should now reconsider its whole attitude toward an expansionist policy in this country at this time. It may very well be that the crisis that has

been precipitated by the United States administration will cause the industrialized countries in the world to take seriously the proposals that have been made for the developing of a much greater measure of international liquidity than at present obtains. If so, then there will be some gain made from this situation.

[*Later:*]

On the orders of the day:

Right Hon. J. G. Diefenbaker (Leader of the Opposition): I should like to ask the Prime Minister whether any information was given to him by the President prior to the announcement today of this new system of excise tax. Was there any consultation, or has the love feast of Hyannis Port now been dissipated in the light of the experience of the United States following the withdrawal of the 30 per cent security tax?

Right Hon. L. B. Pearson (Prime Minister): I can understand the right hon. gentleman's interest in love feasts of the kind he has mentioned, because he was not exposed to any of them during his term of office. Naturally it has rankled ever since that we have initiated them on this side. Subject to correction, I may say that I believe the Minister of Finance has been in touch with United States government officials on this matter. I understand that President Kennedy's administration sent an official up from the treasury office before this announcement was made in Washington.

Mr. Diefenbaker: When was that?

An hon. Member: How long ago?

Mr. Pearson: It was this morning.

Some hon. Members: Oh, oh.

Mr. Pearson: Mr. Speaker, the decision may have been taken yesterday, but that is rather expeditious action. I do not believe, although I will find this out, that a messenger from the President was sent to any of the other 22 capitals.

Mr. Diefenbaker: Is it not a fact that Canada is the one nation that will be directly affected to a greater extent than any other?

Mr. Pearson: No, Mr. Speaker, that is not a fact. The right hon. gentleman should know there are 22 governments that will be affected by this matter.

Hon. George C. Nowlan (Digby-Annapolis-Kings): May I ask a supplementary question, Mr. Speaker. In view of the dissertation on taxation to which the right hon. Prime Minister has just exposed us, may I ask the Minister of Finance if there is any other government of the 22 nations which has considered or was considering a withholding tax to the extent that we were when the President of the United States made this statement this morning? In view of his announcement, I am wondering if the Minister of Finance is not now prepared to give consideration to the withdrawal of his suggestion in respect of increasing the withholding tax because the same result would have been achieved by the President?

Hon. Walter L. Gordon (Minister of Finance): It would seem to me, Mr. Speaker, that we are back on the budget debate.

An hon. Member: We will be tomorrow.

Mr. Pearson: Perhaps I could add to that answer by saying that the withholding tax to which my hon. friend referred was imposed by his government.

Some hon. Members: Oh, oh.

Mr. Nowlan: I should like to ask the Prime Minister to what extent the government of which I was a member imposed a withholding tax which had to be withdrawn within 48 hours after it was introduced, and to what extent his government is imposing a withholding tax now to which parliament has not given approval?

Mr. Pearson: It would take me too long to go through all the deficiencies of the previous government.

Mr. Speaker: Order. I should like now to go to the cooler end of the house. The hon. member for Burnaby-Coquitlam.

Mr. T. C. Douglas (Burnaby-Coquitlam): Mr. Speaker, may I direct a question to the Minister of Finance. The tax on foreign securities proposed to congress by the President of the United States is going to have very serious effects upon provincial and municipal financing in Canada. What steps does the Canadian government intend to take to make up this gap, which will undoubtedly face the provinces and municipalities within the next few months?

Mr. Gordon: In the first place, Mr. Speaker, the legislation to which my hon. friend refers has not yet been passed by the congress of the United States. Second, as I stated in my earlier remarks, I think it would be unwise for this government to say any more about these particular measures until we have had time to study them most carefully.

Mr. Lawrence E. Kindt (Macleod): May I ask the Minister of Finance whether he has any information as to why Canada is paying 15 per cent and, as I understand it, several of the 22 countries are paying all the way from 3 per cent to 15 per cent? Why is Canada listed as 15 per cent?

Business of the House

Mr. Gordon: Mr. Speaker, the same rate of tax applies to all 22 countries. The purpose of the tax is that in the higher ranges of the longer term issues of 28½ years or more, the rate of interest would be 1 per cent higher.

[*Later:*]

Mr. G. L. Chatterton (Esquimalt-Saanich): Mr. Speaker, I have a question for the Minister of Finance which he may want to take as notice. If the United States congress passes the measure to which the minister referred, would the tax apply to the purchase by the United States of the downstream benefits of the Columbia?

Mr. Gordon: I have no idea, Mr. Speaker.

REPORTED DECREASE IN FOREIGN EXCHANGE RESERVES

On the orders of the day:

Mr. L. J. Pigeon (Joliette-L'Assomption-Montcalm): I should like to address a question to the Minister of Finance. Can the minister tell the house if the budget is responsible for the decrease in our foreign currency reserves?

Some hon. Members: Order.

GOOD NEWS BROADCASTING ASSOCIATION

MOTION TO PLACE BILL ON ORDER PAPER FOR CONSIDERATION THIS DAY

Mr. G. H. Aiken (Parry Sound-Muskoka): Mr. Speaker, in accordance with the ruling you made at the opening of the house I now propose to move a motion along the lines that were suggested, namely that the bill in question, S-15, be placed back on the order paper for discussion. I should like to say a few words in connection with my reasons for asking the house to make this order.

Bill No. S-15 was considered in the standing committee on miscellaneous private bills on two separate days. On the second day a witness was called and evidence was heard. Following this the committee considered and passed the preamble and all clauses of the bill. The committee amended the last clause and added two further clauses.

Mr. Knowles: Mr. Speaker, I rise on a point of order. Is the hon. member speaking to the motion that he has purported to make? If he is, it seems to me we should find out first whether he has unanimous consent to make the motion.

Mr. Aiken: Mr. Speaker, in connection with the point raised by the hon. member, this motion does not require unanimous consent. This is a motion on a private bill taken under routine proceedings. The precedents have been carefully examined and the Speaker has today made a ruling in that connection. It is on the basis of that ruling that I intend to follow the procedure suggested by the Speaker rather than the procedure which I attempted to use yesterday and which was out of order. I merely want to explain the reasons. As I was saying—

Mr. Speaker: Order. May I suggest to the hon. member that he move his motion, which we have discussed. I can anticipate what it will be, and I hope it will be in order.

Mr. Aiken: Thank you, Mr. Speaker. I move, seconded by the hon. member for Portage-Neepawa (Mr. Enns):

That Bill S-15 entitled: "An act to incorporate The Good News Broadcasting Association of Canada", the preamble of which has been reported as not proven, be placed on the order paper for consideration later this day.

Mr. MacEachen: Mr. Speaker—

Mr. Francis: Is this motion debatable, Mr. Speaker?

Mr. Speaker: Yes.

Mr. MacEachen: Mr. Speaker, I wish to raise a point of order at this stage.

Mr. Speaker: I should point out to hon. members that the scope is very limited. If any hon. members have comments to make they should make them now, but I propose to put the motion after a few comments.

Hon. A. J. MacEachen (Minister of Labour): I wish to raise a point of order on the regularity of the motion proposed by the hon. gentleman. This is an extraordinary procedure, and I should like to have some indication that it is in order because in my view, this motion is not in order, and cannot be put by a private member. Under our rules a private member is not in a position to make a motion of this kind at this time.

Mr. Francis: I understand that your ruling is that this motion is accepted, and I should like to speak to the motion, if I may.

Mr. Speaker: I suggest to the hon. member that it is not necessary to speak to the motion, but I will not prevent him from doing so. Perhaps the Minister of Labour was not here when I gave my ruling. It was to the effect that, after researching the authorities, I find the procedure followed by the hon. member for Muskoka-Parry Sound (Mr. Aiken) is correct. He is, in my view, entitled to move this motion. Evidence to that effect will be found in 1931 and also in 1958 where procedures identical to the one we are following at the moment were employed. At that time I believe they were employed by the other side.

Unless the hon. member has some short, pointed remarks to make, I propose to put the motion.

Mr. Lloyd Francis (Carleton): I just want to say that I intend to vote against this motion because I do not believe the miscellaneous private bills committee arrived at this decision lightly or haphazardly. It is my opinion that if this bill were referred back to the committee the same recommendation would be brought before this house.

Some hon. Members: Shame.

Mr. Francis: I see no point in referring this bill back to the committee. I may state for the record that the reason the decision—

Mr. Speaker: Order. I am sorry to interrupt the hon. member, but we are not discussing the merits of the motion. We are simply asking the house to give authority to the hon. member to raise this matter between five o'clock and six o'clock if the bill is before the house at that time. The question of whether the bill should be referred back is not at issue at the present time.

Hon. J. W. Pickersgill (Secretary of State): I wonder if I might say a word. Your Honour has ruled that the motion is in order. As I understand it, the only effect of the motion would be to put the bill back on the order paper again so that it could be considered during private members' hour. I wonder if the house would not consider, with a view to saving time and avoid dividing the house, having the motion adopted now and then dealing with the matter when private members' hour arrives.

Mr. Speaker: I wish to thank the Secretary of State, but that is the purpose of the proceedings at the moment. Is the house ready for the question?

Mr. Aiken: I have not completed my preliminary remarks.

Mr. Speaker: May I suggest to the hon. member that he withhold those remarks until private members' hour.

Mr. Aiken: If no one else is going to speak I am quite happy to do that.

Mr. Speaker: Is it the pleasure of the house to adopt the motion?

Some hon. Members: Yea.

Some hon. Members: Nay.

Mr. Speaker: Carried on division.

Motion agreed to, on division.

CORPORATIONS AND LABOUR UNIONS RETURNS ACT

AMENDMENT PROVIDING PUBLIC KNOWLEDGE OF RETURNS RESPECTING PENSION FUNDS

Mr. Frank Howard (Skeena) moved for leave to introduce Bill No. C-89, to amend the Corporations and Labour Unions Returns Act (pension funds).

Some hon. Members: Explain.

Mr. Howard: Mr. Speaker, the purpose of the bill, very briefly, is to provide that when returns are made under the Corporations and Labour Unions Returns Act, those returns in respect of the operation of pension funds, and the financial details of pension funds, will be in the public domain and it will be permissible for people to have access to that information.

Motion agreed to and bill read the first time.

(Translation):

LABOUR CONDITIONS

QUEBEC—STRIKE AT SOLBEC COPPER MINE

On the orders of the day:

Mr. Raymond Langlois (Megantic): Mr. Speaker, I am happy to find that the riding of Megantic is so important these days that two members have mentioned it.

Mr. Speaker, I should like to put a question to the Minister of National Health and Welfare. I directed a question to the hon. lady on July 4 as recorded on page 1825 of *Hansard*; she answered at that time that she would consider the question. Today I should like to put the same question again to her. Did the minister do something to help financially the miners of Solbec Copper Mine in Quebec, who have been on strike since March 1, 1963?

(Text):

Hon. Judy V. LaMarsh (Minister of National Health and Welfare): Mr. Speaker, may I say to the hon. gentleman that following his question, which I took as notice, I had the answer ready for about four days thereafter, but since he had been absent from the chamber I stopped bringing it with me.

Mr. Langlois: Could the minister forward it to me at my office, or give me the answer tomorrow in the house?

Miss LaMarsh: I shall be glad to.

POWER

COLUMBIA RIVER—INVITATION TO LISTEN TO RADIO PROGRAM "SOUNDINGS"

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, I wish to direct a question to the Secretary of State for External Affairs. In view of the minister's responsibilities in connection with the proposed Columbia river treaty and his own practice of keeping in touch with local opinion on any question, will he listen to the C.B.C.'s national radio

network series "Soundings" this evening between 8.30 and 9 p.m. for the interesting and enlightening program entitled, "Columbia river project—a local look at a national issue," and in so doing hear the views of the residents of the Arrow lakes, Revelstoke, Rossland, Trail and other communities in the Kootenays?

Hon. Paul Martin (Secretary of State for External Affairs): Mr. Speaker, I should remind my hon. friend that he and I have an obligation at that hour and that is, as diligent members of parliament, to be in our places in the house. However, if the hon. gentleman will arrange that I will have a pair, and if there is no matter immediately concerning me before the house, I shall be glad to listen to the program entitled "Soundings". And may I say to the hon. gentleman that I am always interested in his soundings in the house.

Mr. Herridge: I wish to inform the minister that I am willing to be his pair.

HOUSE OF COMMONS

FORTIETH WEDDING ANNIVERSARY OF MEMBER FOR DIGBY-ANNAPOLIS-KINGS

On the orders of the day:

Right Hon. J. G. Diefenbaker (Leader of the Opposition): Mr. Speaker, I do not rise for the purpose of asking a question but with the leave of the house, especially today when we are discussing honeymoons between nations, it is a good day to recall that one of our members, the hon. member for Digby-Annapolis-Kings (Mr. Nowlan), is celebrating his fortieth wedding anniversary, and I feel the house would want to extend congratulations to him. The very fact that he looks so young indicates what a fine wife he has, and to both we extend our best wishes.

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, if there is any occasion which would justify a departure from the normal rules of the house it is the occasion to which the right hon. Leader of the Opposition has made reference, the fortieth wedding anniversary of my hon. friend, the hon. friend of all of us, the financial critic of the opposition. May we on this side wish him well, and we hope he and all of us will be around when he celebrates his golden wedding anniversary, still sitting over there.

AGRICULTURE

NIAGARA PENINSULA—ASSISTANCE TO FRUIT GROWERS SUFFERING FROST DAMAGE

On the orders of the day:

Mr. Jim McNulty (Lincoln): Mr. Speaker, I have a question for the Minister of Agriculture. Could the minister inform the house whether he has received an official request from the province of Ontario to participate in a survey to determine individual grower losses in the $3 million frost damage suffered by Niagara peninsula fruit growers?

Hon. Harry W. Hays (Minister of Agriculture): Mr. Speaker, there has been no official request from the province of Ontario to participate in a survey, but there is correspondence between the minister of agriculture for Ontario and myself as to what steps might desirably be taken jointly by the two governments to assist growers who suffered serious losses from frost. At the moment, action to consider or implement a proposal cannot be taken pending further advice from the minister of agriculture for Ontario.

Mr. McNulty: As a supplementary question, has the minister received a request from the Ontario grape growers' marketing board for low interest loans for growers affected by frost damage, and from the Canadian Federation of Agriculture for an emergency disaster farm loan act?

Mr. Hays: There have been proposals from the grape growers' marketing board and also from the Canadian Federation of Agriculture, which are being considered.

FORT ST. JOHN, B.C.—REPORTED REQUEST FOR ASSISTANCE

On the orders of the day:

Mr. Bert Leboe (Cariboo): I have a question for the Minister of Agriculture. I believe the Fort St. John farmers union has appealed to the minister in the light of crop conditions in the area. I wonder if the hon. gentleman has anything to report to the house in connection with this matter?

Hon. Harry W. Hays (Minister of Agriculture): If the hon. gentleman is referring to what I think he is, the government of British Columbia will, in the first instance, have to initiate any measures which may be taken for those farmers. I am already in touch with the minister of agriculture in the government of British Columbia. We have this in mind, and discussions are going on.

IMMIGRATION

HAL C. BANKS—INQUIRY AS TO POSSIBLE DEPORTATION

On the orders of the day:

Mr. Joseph Macaluso (Hamilton West): Mr. Speaker, I have a question which I wish to direct to the Minister of Citizenship and Immigration in view of the statement made in the house yesterday by the hon. member for

Bow River (Mr. Woolliams) on a question of privilege, as recorded at page 2291 of *Hansard*, wherein he said:

> I suggest in this question of privilege that if that order in council were now rescinded Banks would go back from whence he came.

Could Mr. Banks, the president of the S.I.U., be deported simply by rescinding that order in council which gave him landed immigrant status in Canada?

Hon. Guy Favreau (Minister of Citizenship and Immigration): Mr. Speaker, since listening to the question of the hon. member yesterday I have had an opportunity to look into this matter, and I have reached the conclusion that the order in council may not be rescinded because its purpose, under section 5 of the act, was to provide for the admission of a person who had been rehabilitated. As the person concerned has now attained what we call Canadian domicile by virtue of a five year stay in Canada after being admitted, he may not be subject to a deportation order.

Mr. Eldon M. Woolliams (Bow River): A supplementary question, Mr. Speaker. Is not that a legal opinion?

Mr. Speaker: I am sorry, but the hon. member for Greenwood had the floor.

Mr. Andrew Brewin (Greenwood): In connection with this matter I would like to ask the Minister of Citizenship and Immigration whether he has given consideration to the application of section 19(1)(a) of the act, under which deportation can be carried out without the necessity of any order in council if, upon proper inquiry, it is found that an individual has subverted democratic institutions in Canada; and I take it there is plenty of evidence of that in the Norris report.

Mr. Favreau: I think the hon. member for Bow River was quite right in saying I probably would have been out of order in giving what might be a legal opinion to the house, but it was in answer to a question yesterday. It is true that under section 19(1)(a) of the act, should a person, even after having acquired Canadian domicile, advocate the overthrow of government by force or render himself guilty of such activity, he might be deported. However, so far as I am concerned for the time being, I have not read the report that way.

The hon. member may be sure that every consideration will be given to this aspect of the question as to the facts, but it really must be only in the case where subversive activities, within the meaning of advocating the overthrow of government by force, have been entered into. However, we will look into that question.

Mr. Brewin: A further supplementary question, Mr. Speaker. Does not the minister believe that trade unions are democratic institutions, and is he not aware—

Some hon. Members: Oh, oh.

Mr. Brewin: —that the regulation includes democratic institutions as well as governments?

Mr. Speaker: Order. We are entering into a debate. I believe the hon. member for Bow River had a supplementary question.

Mr. Woolliams: I merely wanted to ask the minister whether his opinion was a legal one.

(Translation):

DIVORCE

PROCEDURE TO BE FOLLOWED TO DEAL WITH PETITIONS

On the orders of the day:

Mr. L. J. Pigeon (Joliette-L'Assomption-Montcalm): Mr. Speaker, I have a question for the Minister of Justice. Does the minister intend to open negotiations with the political and religious leaders of the provinces of Quebec and Newfoundland, so that divorce bills be referred only to the Senate, or that some other kind of procedure be adopted?

Hon. Lionel Chevrier (Minister of Justice): Mr. Speaker, the issuing of this legislation does not rest with the government, but rather with parliament. In fact, the leader of the house has already made a statement regarding the procedure to be followed in that case.

HISTORIC SITES AND MONUMENTS

PERCE, QUE.—REPORTED DAMAGE BY PROSPECTORS

On the orders of the day:

Mr. John N. Turner (Parliamentary Secretary to Minister of Northern Affairs and National Resources): Mr. Speaker, yesterday the hon. member for Gaspe directed a question to my minister in connection with the excavations and explorations which would be carried out on the Perce rock by German mountain climbers. I am informed that the Canadian wildlife service has no information in that connection, but we expect to reply directly to the hon. member.

Hansard has attributed a preliminary reply to my hon. friend from Richmond-Wolfe (Mr. Asselin); because of the noise and enthusiasm of hon members opposite, the stenographer did not correctly identify the member who made that answer.

Inquiries of the Ministry

WORLD FAIR

REPORTED RESIGNATION OF CHAIRMAN OF CORPORATION

On the orders of the day:

Hon. Leon Balcer (Three Rivers): Mr. Speaker, I should like to direct a question to the Minister of Justice. Could the minister confirm or deny the report which was published in a Montreal daily to the effect that, during the time the Prime Minister was absent, he received, as Acting Prime Minister, the resignation of the chairman of the world fair, Mr. Paul Bienvenu?

Hon. Lionel Chevrier (Minister of Justice): When the Prime Minister was absent, I neither had the opportunity of meeting Mr. Paul Bienvenu nor, as far as I am concerned, could I have received his resignation either orally or in writing.

(Text):

GRAIN

WHEAT—INQUIRY AS TO INITIAL PRICE

On the orders of the day:

Mr. J. H. Horner (Acadia): I should like to direct a question to the Minister of Trade and Commerce. In view of his remarks two or three days ago with regard to the announcement of an initial price for the coming crop year, is the minister now prepared to inform the house as to what will be the initial price in the coming crop year for wheat grown in western Canada?

Hon. Mitchell Sharp (Minister of Trade and Commerce): As I said yesterday, Mr. Speaker, in reply to a question, this is under consideration and I hope that in the next few days there will be an announcement.

Mr. S. J. Korchinski (Mackenzie): Mr. Speaker, I have a question for the Minister of Agriculture. I wonder whether in his recent invasion of Saskatchewan he assured Liberal leader Ross Thatcher that when the crop year arrives the price of wheat will be up to $2—

Some hon. Members: Order.

Mr. Korchinski: —or are these statements uttered by Mr. Thatcher incorrect?

Mr. Speaker: Order.

HEALTH AND WELFARE

POSSIBLE DANGERS IN WATCHING SOLAR ECLIPSE

On the orders of the day:

Mr. Speaker: The hon. member for Vancouver-Burrard.

[Mr. Turner.]

Mr. Ron Basford (Vancouver-Burrard): Mr. Speaker, I have a question for the Minister of National Health and Welfare which comes to mind—

Mr. Speaker: Order. I did not see the hon. member. Would he mind waiting his turn; there are quite a few hon. members ahead of him.

Mr. Basford: Mr. Speaker, I believe you recognized the hon. member for Vancouver-Burrard, who is now speaking. I have a question for the Minister of National Health and Welfare which comes to my mind because I am being continually dazzled by the brilliance of the lady minister.

Some hon. Members: Oh, oh.

An hon. Member: Another honeymoon.

Mr. Basford: I would like to know whether the minister has any advice for parents in connection with protecting their children when watching the eclipse of the sun next Saturday.

Some hon. Members: Oh, oh.

Hon. Judy V. LaMarsh (Minister of National Health and Welfare): Mr. Speaker, it is a happy circumstance indeed that my hon. friend should hit upon asking this question today. The Department of National Health and Welfare has already issued two warnings to the public which the press outlets of the country have been good enough to carry; however, they do not appear to have been carried very prominently.

It is a matter of very grave concern to the public health authorities of this country that everybody should realize that on Saturday next there is to be an eclipse of the sun, which normally might be watched by adults and children. The strongest warning is given that great care must be taken in looking at this eclipse, for damage can be done to the eye which is painless when it occurs, of which the viewer has no warning, and which could be permanent. It is therefore most strongly urged upon everyone who might watch the eclipse that no reliance be placed upon household facilities such as smoked glass, sun glasses or exposed film. Indeed, it would be more appropriate for anybody interested in watching the eclipse to watch it when it is later presented on television.

(Translation):

DOMINION-PROVINCIAL RELATIONS

INQUIRY AS TO REPLIES BY PROVINCIAL PREMIERS

On the orders of the day:

Hon. Paul Martineau (Pontiac-Temiscamingue): Mr. Speaker, I should like to direct

a question to the Prime Minister. Can the Prime Minister tell the house how many premiers so far have accepted his invitation to attend the federal-provincial conference scheduled for July 26 and 27, to discuss the proposed municipal loan fund and contributory pension plan?

(Text):

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, I have had four written replies from the provinces accepting this date. I have had one oral communication that the date is satisfactory, and one reply saying that the date is not convenient for the premier of that province, but I hope he will be represented.

(Translation):

Mr. Martineau: Mr. Speaker, I would like to ask a supplementary question. Has the suggestion of the Prime Minister to the premiers of the provinces, met, in some instances, with a refusal?

(Text):

Mr. Pearson: I have received replies from the governments of Quebec and Nova Scotia accepting the date, and from two other provincial governments—New Brunswick, and I am not sure of the other. The premier of British Columbia has indicated that the date is not convenient to him personally.

(Translation):

Mr. Pigeon: Mr. Speaker, may I ask a supplementary question? If a majority of the provincial premiers are not interested in attending the conference, will it nevertheless take place in Ottawa at the prescribed date?

(Text):

Mr. Pearson: The premise on which the hon. gentleman's question is based, as is sometimes the case, is quite unfounded.

Mr. Gene Rheaume (Northwest Territories): Mr. Speaker, yesterday I asked the Prime Minister if the governments of the Yukon and Northwest Territories had been asked to participate, and he informed me no, that it was neither proper nor constitutional. I wonder whether the Prime Minister would be good enough to invite these two governments to at least sit in as observers at this very important conference.

Mr. Pearson: I think it is quite appropriate that the governments in question should be informed of what goes on. It is not customary, however, to invite them to conferences of this kind. They were not invited to conferences of this sort by the previous regime either. The suggestion that they should be there as observers is an interesting one, and I will look into it.

Mr. Martineau: Mr. Speaker, referring to the answer of the Prime Minister with regard to the premier of British Columbia, did he suggest an alternative date or did he simply say that he was not attending?

Mr. Pearson: He indicated that it would have been preferable for him to have had a date after the first week of August, but I have written him expressing the hope that he will send a representative on the date in question as the majority of the provinces apparently find that date acceptable.

[*Later:*]

Mr. Pearson: Perhaps I could add to the information I have already given about acceptances to attend the federal-provincial conference next week. The premier of Manitoba has written that the date is convenient to him, and we have had acceptances orally from the premiers of Prince Edward Island and Newfoundland.

(Translation):

WITHDRAWAL OF PROVINCES FROM JOINT PROGRAMS

On the orders of the day:

Hon. Paul Martineau (Pontiac-Temiscamingue): Mr. Speaker, before we go on to the orders of the day, I should like to put a question to the Secretary of State, in his capacity as leader of the house. Could he tell us whether the government intends to put on the order paper, before the anticipated adjournment, a measure allowing the provinces that wish to do so to withdraw from joint programs without loss of money, as was suggested yesterday by the President of the Privy Council?

(Text):

Hon. J. W. Pickersgill (Secretary of State): The hon. gentleman has, I am sure, enough knowledge of the constitution and of our procedures to know for himself, without asking this question, that this is the kind of matter which would first be discussed at a federal-provincial conference, and there will be one in the autumn.

(Translation):

[*Later:*]

Mr. Gilles Gregoire (Lapointe): Mr. Speaker, I wish to direct a question to the President of the Privy Council concerning a reply he gave yesterday to the effect that the provinces could withdraw from joint programs. He also stated that no province had officially made such a request to the federal government.

Is he aware of requests having been made not necessarily to the President of the Privy Council himself but to the federal cabinet, by the authorities of the province of Quebec, in order to withdraw from these joint programs, under the conditions he described yesterday?

Inquiries of the Ministry

Hon. Maurice Lamontagne (President of the Privy Council): Not to my knowledge, Mr. Speaker.

[*Later:*]

Mr. Gilles Gregoire (Lapointe): Mr. Speaker, I should now like to direct to the Prime Minister the question I put to the President of the Privy Council. Has he received any requests from the authorities of the province of Quebec in order to obtain a larger share of direct taxes in return for the federal government's withdrawal from joint programs?

(Text):

Right Hon. L. B. Pearson (Prime Minister): No, I do not know of any direct request of that kind, but I should be glad to look into it.

NATIONAL DEFENCE

BOUNDARY BAY, B.C.—REPORTED FAILURE OF SECURITY MEASURES

On the orders of the day:

Mr. R. W. Prittie (Burnaby-Richmond): Mr. Speaker, I think I speak for the hon. member for Vancouver-Burrard as well as myself when I inform you that we expect to have that riding back in our fold next time. I have a question for the Minister of National Defence. Does the Department of National Defence intend to take action under the Official Secrets Act against the two Vancouver *Province* reporters who entered the Boundary Bay wireless station without giving their passes to the security guard and who took pictures of these defence installations?

Hon. Paul Hellyer (Minister of National Defence): Mr. Speaker, we are looking into the facts of this case to see whether they are as alleged. If this report proves to have foundation we will then consider at once what action should be taken.

EXERCISE "TOCSIN B"—SUGGESTED DISCREPANCY IN ANSWERS GIVEN

Mr. T. C. Douglas (Burnaby-Coquitlam): On a question of privilege, I should like to draw the attention of the Minister of Defence Production to a discrepancy which is revealed in yesterday's *Hansard*. On page 2298 we find an answer given by the hon. gentleman to a question asked on the subject of exercise Tocsin B. The question was:

> Was exercise Tocsin B carried out in the fall of 1961? If so, how many Soviet bombers were assumed to have taken part in this simulated attack?

The answer given was:

> As the exercise did not involve interceptor forces it was not necessary to assume any specific number of enemy bombers.

I should like to point out that in a return to an order of the house brought down on February 12, 1962, on a motion of Mr. Pitman there was a reply to a question asking "What was the extent of the simulated attack in terms of (e) bombers attacking?" The reply states, among other things:

> For exercise purposes it was assumed that 300 to 350 individual aircraft tracks were detected in the attack on North America.

Those two answers are certainly at variance. While I think it is serious enough to withhold information, I think it is even more serious when we are given information which contradicts information previously given in the house.

Hon. C. M. Drury (Minister of Defence Production): I think the difference is more apparent than real. The question asked was how many bombers? The answer given to Mr. Pitman was, none; not a given number of bombers, but individual aircraft tracks. This means tracks on radar screens, and one bomber passing over a series of radar observation points might produce as many as 20 or 30 tracks. So the number of bombers and the number of tracks are not necessarily the same. I think the information given to the hon. member was correct. No specific number of bombers either had to be assumed or was assumed.

Mr. Douglas: On the question of privilege, if the hon. gentleman is correct the first answer was wrong, because the return to the order dated February 9, 1962 was specific. Question 5 asked: "What was the extent of the simulated attacks in terms of (e) bombers attacking?" The question did not have to do with tracks at all, and the answer was in reference to bombers attacking.

TRANS-CANADA AIR LINES

WINNIPEG MAINTENANCE BASE—INQUIRY AS TO REPORT

On the orders of the day:

Mr. S. J. Enns (Portage-Neepawa): Mr. Speaker, I have a question for the Minister of Transport, but in his absence I will address it to his congenial parliamentary secretary. A month ago, that is to say on June 18, the Prime Minister and the transport committee of the cabinet gave a very receptive hearing to the Manitoba delegation in respect to the retention of the T.C.A. overhaul and maintenance base in Winnipeg. My question is, has the report of R. Dixon Speas and Associates been received to date and, if not, has the minister's office any indication when it may be expected?

Mr. Jean-Charles Cantin (Parliamentary Secretary to Minister of Transport): Mr. Speaker, this is a question I should like the minister himself to answer. The minister will

be absent until Monday next; in the meantime I will take the question as notice.

(Translation):

PRIVILEGE

MR. BOUTIN—CORRECTION IN PARLIAMENTARY GUIDE

On the orders of the day:

Mr. P. A. Boutin (Dorchester): Mr. Speaker, I rise on a question of privilege. I should like to correct an error which appears on page 192 of the Parliamentary Guide, regarding the Dorchester constituency.

If we look at the election results in that county, we note that victory was attributed to a Conservative candidate although he even lost his deposit. Being credited with the victory is already too great an honour for leaving unnoticed that error as well as others which have slipped into the Parliamentary Guide.

In my opinion, this correction will contribute to clear up the doubt which the hon. member for Argenteuil-Deux-Montagnes (Mr. Drouin) has in his mind at the moment, if we refer to the question of privilege he raised yesterday.

(Text):

PUBLIC SERVICE

EXTENSION OF SALARY INCREASES TO RECENTLY RETIRED CIVIL SERVANTS

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, may I direct a question to the Minister of Finance. Has the government yet found a way to provide retroactive pay increases to former civil servants who may have retired after the effective date of such increases but before they were actually announced? I ask this question with respect to the increases announced last December 10, and also with respect to the increases announced two days ago.

Hon. Walter L. Gordon (Minister of Finance): Mr. Speaker, as the hon. member knows this is a very difficult point because it involves the question of where you draw the line. The government has spent a lot of time on this and has come to the conclusion that the cut-off date will be July 1, 1963, but it will not be made retroactive.

TRANSPORT

FERRY "BLUENOSE"—REQUEST FOR REVIEW OF RESERVATION PROCEDURE

On the orders of the day:

Mr. Lloyd R. Crouse (Queens-Lunenburg): Mr. Speaker, I should like to direct a question to the Minister of Transport, but in his absence I will direct it to his affable and efficient parliamentary secretary. In view of the report in the Liverpool *Advance* that the management of the C.N.R. ferry *Bluenose* has been turning down reservation applications despite loadings considerably less than capacity, will the Minister of Transport investigate the procedure used by the company when making reservations, with the hope of a change being made which will be beneficial to the company and to the travelling public?

Mr. Jean-Charles Cantin (Parliamentary Secretary to Minister of Transport): Mr. Speaker, this question will be transmitted to the attention of the minister.

NORTH SYDNEY-NEWFOUNDLAND—INQUIRY AS TO SECOND FERRY

On the orders of the day:

Mr. Robert Muir (Cape Breton North and Victoria): Mr. Speaker, I have a question for the Minister of Transport, but I see he is absent from the house, no doubt on other business, so may I direct it to his parliamentary secretary since notice has been sent to the office. For the information of the house, the country and the Secretary of State, can the minister advise how soon we can expect some action on the proposed second ferry between North Sydney and Newfoundland?

Hon. J. W. Pickersgill (Acting Minister of Transport): Mr. Speaker, did the hon. member not direct his question to the Acting Minister of Transport? Because I happen to be the acting minister. I apologize to the hon. gentleman, but someone handed me a note just as he began to speak and I did not hear all his question. However, I did hear about the subject, and it is one in which I take at least as great an interest as does the hon. gentleman. I believe there will be a decision about that in the very near future.

AIRPORTS

POLICY WITH RESPECT TO PARKING LOT FRANCHISES

On the orders of the day:

Mr. D. M. Fisher (Port Arthur): Mr. Speaker, I should like to ask the Minister of Transport a question of which I gave notice, and to which his parliamentary secretary may have the answer. Has there been a change in policy respecting airport parking lot franchises since the new government took over, particularly in Ottawa, and has this had the consequence of much larger parking fees as a result of the change in policy?

Mr. Jean-Charles Cantin (Parliamentary Secretary to Minister of Transport): Unfortunately, Mr. Speaker, I do not have the

answer to this question, but I will take it as notice and next Monday the hon. member will have the answer.

PARLIAMENT HILL

SHORTAGE OF PARKING SPACE DURING CHANGING OF GUARD

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): I am sorry to detain the house for a moment, but I promised to bring up this matter on behalf of a group of tourists. My question is directed to the Minister of Public Works. There is a great shortage of parking space on parliament hill during the changing of the guard, and at the same time there are usually vacant spaces in the diplomatic row. Would it be possible for these spaces to be used by tourists during the time when the guard is changed?

Hon. J. P. Deschatelets (Minister of Public Works): I am glad this matter has been brought up. Officials of my department have been looking into this matter for the past two weeks, and we hope to be in a position to improve parking facilities on the hill very soon.

PENSIONS

PROVISION FOR CANADA PENSION PLAN, INCREASED OLD AGE SECURITY PAYMENTS, ETC.

Hon. Judy V. LaMarsh (Minister of National Health and Welfare) moved that the house go into committee to consider the following resolution:

That it is expedient to introduce a measure to establish a comprehensive pension program to be known as the Canada pension plan and to provide among other things for the payment of pensions on an adjusted scale commencing at the option of the pensioner, at any age between 65 and 70 years; for the payment of pensions to surviving spouses commencing at any age after 65 years; for the progressive establishment of such pensions over an initial period averaging ten years in order to facilitate the adjustment of existing pension schemes to the new plan; for the payment of an additional pension of ten dollars a month to all persons to whom a pension may be paid under the Old Age Security Act; for the adjustment of pensions payable under the Old Age Security Act to co-ordinate such pensions with the new plan; and for the appointment and remuneration of such officers, clerks and employees as may be required for the due carrying out of the new plan; and to provide further that all expenditures under the new plan, additional to those required under the Old Age Security Act, shall be paid out of or reimbursed from contributions by employees, employers and self-employed persons.

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

Miss LaMarsh: In rising today to introduce this resolution dealing with the Canada pension plan I have the honour to speak to the implementation of one of the most important and far reaching plans of action put forward by this or any other government. It is the natural next step in providing rounded welfare legislation for Canada. The whole record of the Liberal party in office has always been the introduction of legislation designed for the welfare of Canadians. Every major social advance made by parliament in this century has been made under a Liberal government. The legislation now before us, I am proud to say, will continue this tradition.

I should like briefly to express my personal gratitude to members of the public service for their devotion to duty and the long hours they have given to the development of this plan. Nor should I forget to say a word about the contribution of many of Canada's pension experts who, from the depths of the years of their experience, have offered advice and admonition to me, to my officials and to many members of the house who have been kind enough to bring their submissions to me.

The purpose of the Canada pension plan is to ensure, as was said in the speech from the throne, that all Canadians will have an opportunity to retire in security and with dignity. The legislation based upon this resolution is complex. Legislation as far reaching as this, as much a departure from the past as this is, must be drawn to produce its benefits as early as possible to achieve its goals without interfering with the body politic. Further, the parliamentary process, which was designed as a way in which all the people's representatives might take their part in such decisions, must be used in this case to full advantage.

In my view, Mr. Chairman, it is the government's responsibility to propose a scheme. It is then the responsibility of all members of parliament as the people's representatives to address themselves, without thought of partisan advantage—

Mr. Grafftey: You have already been partisan.

Miss LaMarsh: —to the proposal; to modify, to amplify or to change, but always to act with the intent to cause improvement in the legislation. Each of us here has a responsibility to produce the best piece of legislation possible in every field. This is especially so when the legislation is such as that to which this resolution refers, legislation which will for the future affect almost every Canadian. For that reason I make no apology for saying that the contributory pension plan to which this government has bound itself is inflexible only in its main purpose. The government will therefore welcome from any member any contribution or suggestion genuinely designed to improve the legislation, particularly

as all other parties have already committed themselves to the principle and idea of contributory pensions.

I recall that in my early months in the house the then minister of justice, Mr. Fulton, took such an attitude and saw fit to adopt a couple of suggestions of mine which were then incorporated in legislation respecting capital and non-capital murder. Indeed, this co-operative attitude has been shown already in the government's approval in principle of several private members' bills which have been referred for study to committee.

I think it is fair to say to all hon. members that the government's pension scheme, introduced now so quickly after the opening of this session of parliament, has excited throughout the body politic a great deal of interest. The fact that the plan is intended in its application to cover the widest possible range of citizens is itself sufficient cause for this interest. Most economically advanced countries of the world have been moving toward this type of contributory wage related pension scheme for some time. The introduction in 1951 by the Liberal government of the day of the old age security program brought into effect in Canada, as all hon. members know, a flat rate scheme available to all at the age of 70 without a means test.

The present premier of Quebec had a lot to do with that plan. The present Secretary of State for External Affairs had a lot more to do with it. It was a logical and particularly apt step for pensions in Canada at that time. Unfortunately, however, in recent years some of the increases in payments made under this legislation have been based not upon increase in productivity, not upon progress of the economy, but only upon pure political expediency. This can no longer be countenanced.

Mr. Grafftey: Would the hon. lady permit a question?

Some hon. Members: Sit down.

Miss LaMarsh: It is degrading to those who are recipients of old age security—

Mr. Grafftey: Would the hon. lady permit a question?

Miss LaMarsh: —to find themselves used as political footballs—

Mr. Grafftey: Would the hon. lady permit a question?

The Chairman: Order. Will the hon. member kindly resume his seat. He asked the minister whether he could pose a question and the minister continued to make her speech, so I assume she was not prepared to reply.

Mr. Grafftey: That is not the usual practice, Mr. Chairman.

The Chairman: Order. It is the only practice.

Mr. Grafftey: She should have the courtesy to say yes or no.

The Chairman: Order. The minister has the floor.

Mr. Grafftey: No courtesy.

Miss LaMarsh: Those who cry courtesy might have the courtesy to wait until I have concluded to ask their questions. As I say, it is degrading to those who are recipients of old age security to find themselves used as political footballs, and it is arrant fiscal irresponsibility if such payments are not keyed to the progress of the economy. The country simply cannot continue to afford to pay attractive sums which have no reason for being except for their political sex appeal. Present old age security payments yield at best little more than subsistence levels. Our country has always recognized, through adopting the old age security legislation, the validity of that oldest of social responsibilities, that we support the aged of our community.

In a modern industrial society it is increasingly impossible for a family to care for its own aged. Of course, it is rejected by all Canadians that those who cannot be cared for by their immediate families should be shunted aside to fall upon public assistance, or worse, to be abandoned. Some may criticize the type of plan which we propose under this resolution because it is one where the contributor, while active in the working population, pays to the government to create a debt from the state to him for his own retirement years. In effect, under this plan each generation will provide for the one which has preceded it in building Canada. No matter in what way pensions are provided, this is in fact their economic and social significance.

As I mentioned earlier, all the major parties have already committed themselves in principle to a wage related contributory pension scheme. What then, one may ask, are the alternatives in designing such a scheme? Each party has gone on record, reflecting the generally held feeling in this country, that such a scheme must be comprehensive so that it applies to the widest possible group of Canadians, and it must be as inexpensive as possible while returning an adequate pension to the individual. It must be truly portable or transferable so that an individual Canadian may carry his benefits with him anywhere he may choose to live and work.

It is possible, Mr. Chairman, to construct a scheme which, in common with many of those offered by private pension companies, is completely funded; but this would put in the hands of the state tremendous sums of money which would be withdrawn or

used for other purposes. No government plans are completely funded. In a public plan the contributor may rely upon the fact that so long as his country exists the continuous inflow of contributions under such a plan will assure him of his benefit rights on his retirement. These were the arguments balanced by the government in coming to its conclusion that this plan should not be funded; thus the plan is framed on a pay as you go basis. The plan, including the costs of administration, will be no charge at all upon the general revenue.

The Canada pension plan has important features which are new to this country. We cannot tell at this stage exactly how people will decide to use them. For example, we do not know how soon and in what numbers people will take advantage of the opportunity to start pensions before the age of 70. Nor do we know how many voluntary contributors will decide to take part in the plan. Neither of these factors affects the finances of the scheme in the long run. Whatever the decisions, the relation of benefits to earnings will settle out in a way that makes it safe to estimate that for the first 10 years the contribution rate will not need to be more than 2 per cent of earnings.

However, the calculations for the next few years are more uncertain. The ages people choose to begin pensions, and the number of volunteers who join, will have a relatively big effect on the short run finances of the scheme. Also, of course, the amount of time which parliament decides to take in discussing the legislation will influence the date at which collection of contributions starts, and therefore the contribution rate needed to finance the increase to $75 in the flat rate pension. Until there has been some preliminary discussion of this, Mr. Chairman, it is not proposed to set the exact date for starting the $10 increase to $75.

Some hon. Members: Oh, oh.

Miss LaMarsh: I am sure the date is of some interest to hon. members opposite.

Mr. Grafftey: Another broken promise.

Miss LaMarsh: May I say that I hope, sir, it will be early in 1964, to the disappointment of the hon. member for Brome-Missisquoi. Because of the uncertainty as to the length of time the house may take in dealing with the matter, the government cannot yet fix the initial contribution rate more precisely than to say it will not be more than 2 per cent of earnings. Here I refer again to the total rate which will be divided between employers and employees. The rate for the employee alone will be not more than 1 per cent, that is to say, a man whose annual earnings are $3,000 will pay up to $2.50 per month. The maximum contribution for anyone earning $4,000 a year or more will be not more than $3.33 per month.

It was decided at an early stage of the pension plan that a combination of compulsory and voluntary coverage would be the most acceptable and most workable method of achieving comprehensive coverage. How, then, to operate the comprehensive plan? Fortunately, Mr. Chairman, machinery already exists. As all hon. members are aware there is this machinery in the combined resources of the Department of National Revenue, my department and the unemployment insurance commission. It was decided, therefore, that this same machinery should, for simplicity, efficiency and cheapness, be utilized for registration at the time of the regular reissuing of unemployment insurance books and numbers by the unemployment insurance commission. This will also have the advantage that this same numbering system may be used.

Accordingly, since the next time for renumbering and reissuing the books has been scheduled for May 1964, it was concluded that the registration for contributors should be carried out at that time. This, Mr. Chairman, is the earliest practicable time, bearing in mind the tremendous administrative complexities of registering what is expected to be more than seven million contributors.

Then the coverage of this scheme, the Canada pension plan, is of every Canadian who can be included, bearing in mind some administrative problems. Broadly speaking, the only classes definitely excluded from coverage are those whose earnings are paid to them by their own spouses, for obvious reasons, members of the armed forces and casual employees. Employees of provincial governments may be included if the province so wishes, as may employees of foreign governments and international agencies.

The Canada pension plan is designed to pay benefits related to earnings. As all hon. members know, wages are not uniform across the length and breadth of our country. What is less than sufficient for subsistence in one part of the country may provide a much greater degree of comfort for the recipient in another part of the country. For that reason we should have no difficulty in agreeing here in committee that the pension plan should be one which upon retirement provides an income, bearing in mind the reduced costs of living on retirement, related to that enjoyed throughout an individual's productive life. This scheme is designed to do just that.

We already have in this country a flat rate scheme. The new wage related scheme is added

to it, and payments will be made in one lump sum of the two portions of pension, flat rate and wage related. This will mean that our retired, rather than as now supplementing the flat rate payment of $65 per month with their savings, if any, or public assistance, will have in the future an appreciably more generous income related to their earnings, up to an average level. It is, unhappily, not possible to apply this retroactively to all those who have taken or who are about to take their retirement. For this reason, and in order to provide a little more in the way of security for those who have now retired or will shortly be retiring, this government has pledged itself to the payment, from the contributions to this plan, of an additional $10 per month to each recipient of old age security.

Mr. Grafftey: That is not what you said during the election.

Miss LaMarsh: This has always been the promise made by the Liberal party in the last two elections.

Mr. Grafftey: Wrong.

Miss LaMarsh: It has been the promise made by the leader of this party and now the leader of the government. There were some who said it was irresponsible to promise this increase. I have before me, Mr. Chairman, several newspaper clippings in which it is reported that the right hon. gentleman opposite ridiculed the Liberal scheme for promising this $75 per month pension plan.

Mr. Diefenbaker: Mr. Chairman, I rise immediately on a question of privilege. At no time did I ridicule the increase. What I ridiculed was the promise of $250 or $260 per month without increasing taxation.

Miss LaMarsh: I, of course, accept what the right hon. gentleman says, as I am required to do in the house. However, I should like in passing to refer to a newspaper clipping from the Winnipeg *Free Press* dated March 4, 1963. The date line is Prince Albert, Saskatchewan, and this paragraph appears in the article:

He—

That is the former prime minister.

—did not mention the Liberal party in his context, but he did ridicule the Liberals for promising schemes such as a $75 per month pension plan, charging that Liberal promises in total would increase income tax for everyone by 40-50 per cent.

There are those who, like the right hon. gentleman in this chamber, hooted in derision at the suggestion that this payment might be made. I was surprised to note from his comments, following the Prime Minister's announcement in this chamber on Monday last that we would deal with this resolution today, that the right hon. gentleman has now swung so far in the other direction that, notwithstanding the whopping budgetary deficit which resulted at the hands of the last government, and notwithstanding the deficit at present in the old age security fund and the unemployment insurance fund—

Mr. Grafftey: I thought you said you were not going to be partisan. You are a disgrace to the old people of this country.

Some hon. Members: Oh, oh.

Mr. Grafftey: She said she was not going to be partisan. What she is doing now is sheer hypocrisy.

The Chairman: Order. The hon. minister has the floor, and I suggest she should not be interrupted while she is making her statement.

Mr. Grafftey: A disgrace to the old people.

Miss LaMarsh: While this government is committed to this increased payment at the earliest possible date, it is committed not to pay it out of general revenue but from a flow of contributions under the new contributory pension scheme. As I have said, it will be paid as quickly as possible, and it is hoped that will be early in 1964, within a year of this government taking office.

Some hon. Members: Shame.

Miss LaMarsh: I think it should be remembered by those who cry shame—and certainly such a cry did not come from my predecessor in this office, who has been listening with some interest—that it is well known by those who have any facility or training in pension schemes of this complexity that in any country in the world where such a plan was introduced it has taken at least two years to do it. This government has taken three months. I say without partisan taint that the exact time of payment is dependant upon the speed with which this chamber adopts the plan.

An hon. Member: Tell the truth.

Miss LaMarsh: In proceeding to tell the truth about this plan, as about all other things, it must be readily apparent, even to those such as the hon. member for Brome-Missisquoi (Mr. Grafftey) who obviously from his remarks knows so little about the field, that if payment of contributions were started immediately it would not be possible tomorrow to pay out, to anyone reaching retirement age, the full benefits of such a plan which has the aim of providing sufficient sums to enable people to retire in security and dignity. There has to be a period of earnings before benefits can be related to

earnings. There will be, as we have said throughout in our plans, ten years from its inception to the payment of full benefits, and this will permit the adjustment of pension plans already in existence. In the interim each person retiring will be paid a graduated sum, based upon the length and the amount of his or her contributions, plus the flat rate of $75 benefit.

It is increasingly common that those who are employed by others cease their employment and take their retirement at an age earlier than 70. For this reason, and in order to bridge the gap between earning and retirement years, the government has designed the plan to provide an option to each pensioner to draw his or her pension on a reduced rate from the age of 65 onward. It is anticipated that such options will begin at the earliest possible date, in January 1966.

There are those who will ask, why not start the contributions now? This would, of course, permit for earlier payments to all, but I suppose it need not be pointed out to hon. members of experience that the parliamentary system itself takes time for the preparation, discussion and passage of such legislation. It should be borne in mind that this is a highly complex scheme and requires a great deal of unseen administrative work, all very time consuming, and none of which may be commenced until parliament has given approval to the full legislative scheme. Forms and literature must be designed, tenders called and material produced. Forms must be prepared by punching for mass registration and setting up of pension records. Then these will have to be distributed to the U.I.C. offices. Forms will have to be distributed to an estimated 350,000 employers. Temporary field staffs have to be recruited and trained to complete this phase. A master key punching of about 7 million account records has to be completed, and after that the numbers and forms must be distributed to employers, some of whom will have to redesign their payroll records before they start paying the contributions.

The machinery of government, which I have already mentioned and which is already in being, has to be used because of the otherwise tremendous outlay and delay, and we have to use it without interfering with the regular responsibilities of the U.I.C. offices in looking after the unemployed and paying unemployment claims, together with the regular responsibilities of national revenue in the income tax field.

All these considerations place the earliest date for the commencement of payment of contributions at October, 1964, and this only if this legislation is treated with dispatch by this house. Normally one would only anticipate payment of the increased old age pensions to be made after these contributions have begun to flow in, after October, 1964. However it is contemplated that the contributions, once started, will produce enough revenue within a fiscal period to enable payments to start very early in 1964.

I can see a question in some hon. members' eyes; just how much will the pension benefits be? Average earnings in the country are approximately $4,000 per year, and for this reason this figure has been chosen as the starting level. All earnings up to this level will be used in computing contributions. The plan is designed, when the transition period of 10 years is over, to pay a pension of 30 per cent of the earnings upon which contributions have been made, if taken at the age of 70, and upon a reduced basis if taken at any time from 65 to 69.

This basis has been so designed that the average person will receive the same total payment from the age he starts his pension until his death, whichever starting age he chooses. His lifetime earnings will be the basis for the scale of the payments, and here is a most important feature. The average of these earnings will be adjusted by an index representing the general level of salaries and wages, so that he will be receiving benefits on the basis of the equivalent receipt of earnings in the year of his retirement. The effect will be that the Canada pension plan will permanently provide a satisfactory standard of pension for those with earnings up to the average level. This $4,000 level will be adjusted with changes in the general level of wages and salaries, and will do away with the incentive to barter for the favour of the old people of this country just before an election.

When the plan has passed its transition stage a man whose wage has been $4,000 or more will receive a monthly income related pension at age 70 of $100 plus the flat rate portion, totalling $175 per month. If his wife is also a contributor she will receive up to the same amount. If a man and his wife, both contributors, choose instead to retire at age 65, each will receive up to $118 per month in pension.

What of the widow and widower? There is here, some hon. members will be pleased to know, complete equality, and each spouse receives the same treatment regardless of sex. Either survivor of a marriage may be sure of receiving somewhat more than half the retirement income of man and wife together. This, of course, applies to survivors of 65 years or over.

It might be of some interest to hon. members to compare the relative benefits of the United States social security plan with those of the

Canada pension plan. In each case, at present levels, this proposed Canadian plan is more generous than the United States plan. It should be borne in mind that the figures which I will be using are of retirement at the age of 65. Our benefits are greater at the age of 70 years, as I previously explained—

The Chairman: Order. I am sorry to interrupt the hon. minister, but her time has expired.

Some hon. Members: Carry on.

The Chairman: Does the committee give unanimous consent?

Some hon. Members: Agreed.

Miss LaMarsh: May I thank hon. members for their courtesy in allowing me to complete my remarks, Mr. Chairman. The table to which I made reference indicates that for average monthly earnings of $100—and this, of course, is at the end of the transition period, when the plan is in full operation—in Canada benefits at age 65 will be $71; at age 70, $105, as compared with the United States benefits at the same income level of $59. At $200 monthly the Canadian benefit at age 65 will be $91; at age 70, $135, as compared with the United States benefit of $84. At $300 monthly the Canadian benefit at age 65 will be $111; at age 70, $165, as compared with the United States benefit of $105. Three hundred and thirty three dollars is the maximum level for monthly earnings. At that level Canadians will be able to obtain $175 a month if they are 70; $118 a month if they are 65. The upper limit of the United States pension plan at an income level of $333 per month is $112.

It will be seen from this scheme, Mr. Chairman, that this government has no intent to pre-empt the field of private planning for one's own retirement. There are many who will still wish to provide additional benefits over and above those to be provided under this plan. Indeed, the whole field above $4,000 in annual income is left open to private endeavour. It is obvious that in so far as these plans are concerned—that is, private pension plans, many of which are already in existence in Canada—employers and employees will have options either to keep them in existence, over and above the Canada pension plan, or to adjust them. What course will be followed in each instance is for the individual employer and his employees to decide, probably by negotiation. Since many such labour-management negotiations are for a period of one year or longer, it will be of advantage for us to provide specific information at the earliest possible date by the passage of this legislation.

Unfortunately this plan cannot provide for the wanted portability of private plans. In order to do this, at least upon a provincial basis, the province of Ontario has already enacted regulatory legislation and has expressed itself to be in accord with the goal of full portability of pension plans. Other provinces have been looking at this development with interest; they have expressed interest in this approach, so much so that some are now considering the adoption of similar plans. It is hoped that some uniformity might be obtained in order to make such private plans portable on a Canada-wide basis, just as will be this Canada pension plan by its very nature. However, the Ontario type of legislation, if enacted by each province of Canada, could not produce comprehensive coverage, nor could it provide quickly fair sized pensions for people of up to average earnings who retire in the next decade or two. Speaking from memory, Mr. Chairman, I believe it is some 40 years before the full benefit of the Ontario type regulatory plan could be obtained by an employee in that province.

The fact that this type of plan cannot provide benefits for those who retire in the near future appears to have been recognized in both Ontario and Quebec. On June 10 last the premier of Quebec expressed himself in his legislative assembly, when he was discussing pension schemes in answer to a question from the leader of the opposition there, as follows:

> There are needs and attitudes which finally impose themselves in spite of what is said in constitutions. For instance, one cannot indefinitely deprive the population of a province of services from which it could constitutionally benefit from a central government if nothing equivalent is even offered to it.

Then on March 26 this year Mr. Cecile, the Ontario minister of welfare—my opposite number in that province—expressed his government's view in the legislative assembly in this way:

> I have advocated for many years the inauguration of a compulsory social security maintenance scheme designed largely along the lines of the United States plan. I am pleased, indeed, to learn that the three major political parties in Canada are all agreed that not only is such a plan practical, but necessary. I hope the time is not too far distant when a social insurance scheme becomes effective in this country so that every working individual may obtain all the advantages that might be made available to a restricted group of employees under the more limited approach of a portable pension plan.

It seems to me that we in this house should take some cheer from this fact. I am sure this presages Ontario's full co-operation at the meeting of provincial premiers next week in bringing the benefits of the Canada pension plan to the people of Canada; if not from this government, perhaps from another.

In a country such as Canada, where there are concurrent areas of responsibility in the welfare field as in others, the closest co-operation between the federal government and the governments of the provinces is necessary for the social welfare of the Canadian people. I am sure, Mr. Chairman, it is known to all hon. members that there are other welfare programs in which the provinces and the federal government co-operate to provide joint action. For some time it has been apparent that these programs, the cost of which is in the main shared on a 50-50 basis, should be restudied with a view to fitting them to current conditions. In addition many provinces have their own independent welfare programs in which this government does not share in any way.

Of course this realm of action lies outside the scope of the Canada pension plan, but it cannot be ignored in a rounded welfare program for Canada. This is one of the important fields for discussion at the conference with the provinces which is to be held next week, and is a field referred to by the Prime Minister in his letter to the premiers of June 20 last. It is appreciated by the government that it is only fair to the provinces to consider the effect upon them of our moving ahead with this legislation. In particular, the increase in old age security payments to $75 will create a demand for parallel increases in shared programs which we have with the provinces. This will be one of the things we will wish to discuss. I hope, in another realm, that the provinces will look with favour on what I consider an area of need, and that is to provide an extension of assistance programs to single women and widows at age 60.

Some hon. Members: Hear, hear.

Miss LaMarsh: Mr. Chairman, a federal-provincial conference is especially necessary because there is another field where the close co-operation of the provinces and this government is most desirable. As a part of this Canada pension plan, ideally there would be provision in it for benefits to be paid at least to three classes of persons not now covered. There would be widows with dependant children; those contributors who, because they become disabled before reaching the age of 65 and no longer have regular earnings are now covered only by assistance programs, and orphans of contributors. It is now generally agreed that these are areas of need. Most provinces have indicated in the past a readiness to discuss plans for those in such circumstances. There is opinion that such programs, since they do not apply to "old age pensions"—that is the wording of the British North America Act—are not within the domain of the federal government, and that legislation to deal with these cases on a Canada-wide basis would require amending our constitution upon the assent of the provinces. If agreement can be reached with the provinces—on these three types of classes, it is to be hoped that such provisions may soon be written into the Canada pension plan. This is an urgent matter for consultation with the provinces in the pension field.

In the time at my disposal today, Mr. Chairman, it has not been possible to deal fully with such a complex proposal as the Canada pension plan. Nor, I think we would all agree, is it fair to expect hon. members opposite to have a considered opinion on the basis of the resolution and these few remarks. Therefore, for the benefit of all hon. members and for the benefit of interested people in the country and the provincial governments, I have had prepared a supplementary outline of the nature and scope of the Canada pension plan. With the leave of the committee, Mr. Chairman, I would request that this outline be permitted to be printed as an appendix to *Hansard*. I am also prepared to send now to the leaders of each party a copy of this outline. I have as well a supply which might be tabled, printed in English and in French, which are available for any interested member. If leave of the committee is given, Mr. Chairman, then I should like at this time to have these documents distributed to interested members and I will table them accordingly.

Some hon. Members: Agreed.

The Chairman: The document to which the minister refers, of course, cannot be tabled now in committee. It can be circularized and left informally at the table, but official tabling for the purpose of insertion in *Hansard* could be done when the Speaker is in the chair.

Miss LaMarsh: At the conclusion of my remarks it might be possible briefly to revert to motions in order that it might be tabled, and I would be pleased to do this in order that it is made available to everybody.

Before concluding my brief remarks, Mr. Chairman, may I repeat what I said at the outset. The Liberal party and this government are pledged to a wage-related contributory scheme. Since taking office, we have been working steadily to explore the best type of scheme for Canada. We believe that the scheme now placed before parliament will commend itself to the house, but I should like once again to make it clear that we welcome comments of hon. members and any other interested persons which are aimed at producing the best possible plan for all retired Canadians. I also hope that in the

period before parliament gives final approval to this legislation interested members of the public, including, of course, representatives of employers and workers and of those who are concerned in the financing of private pension plans, will make it their business to assist in advising me. My officials and I will, as always, be glad to study their views.

Mr. Douglas: Mr. Chairman, before the hon. lady takes her seat may I ask a question. Did I understand her to say that it is not the intention to vest the funds collected from employers and employees; that no fund will be set up? Or did I misunderstand?

Miss LaMarsh: No, that is correct. It is not a fund; it is a pay as you go plan.

Mr. Douglas: Would the minister explain how it is proposed to do this?

Mr. Diefenbaker: Mr. Chairman, as the minister has said, there not having been available until this time any summary of the general plan, detailed examination will be quite impossible. However, I think there are some general remarks which I can make at the very beginning. The plan as enunciated is far from clear. There is a great deal of window dressing in it, hopes expressed for the future, and hopes as to what may be achieved 10 years from now.

Miss LaMarsh: You did not do anything in six years.

Mr. Diefenbaker: It was said suggestions would be welcome from the opposition. There was a plea for non-political and non-partisan consideration. The less said about that the better, on the basis of some of the remarks which were made. Looking at the plan in its entirety, one could almost compare it with an iceberg of which only the tip can be seen above the water. Let me say this immediately, that in every part of this nation the old people will be thoroughly dismayed by the fact that the promises, direct and implied, that they would receive $10 a month—

Mr. Winkler: For votes.

Mr. Diefenbaker: —immediately by way of increase in pension is not going to be achieved. Indeed, all through the election campaign that was used as an argument. We have stated that social security advanced greatly in amount during the period the government which I had the honour to lead was in office, but that social security could not be advanced unless it was taken out of the additional earnings and the expansion of the economy. That was not the attitude of the Liberal party in the election campaign.

I have received a number of letters. One was given to me since the hon. lady started to speak. It comes from an old age pensioner from British Columbia and says this:

> I and many other senior citizens with O.A.P. want to thank you for exposing—

what he calls

> —the diabolic scheme, the plan to get votes by offering and promising payment within 30 days after the election of an increase of $10 in old age pensions.

Some hon. Members: Shame.

Mr. Diefenbaker: That will be the attitude in every part of this country.

Mr. Basford: On a point of order, Mr. Chairman—

Some hon. Members: Sit down.

The Chairman: Is the hon. member rising on a point of order?

Mr. Basford: Yes. Would the right hon. gentleman obey the rules and identify the letter he is reading?

Mr. Diefenbaker: I will be glad to table it. If the hon. gentleman wants the actual words I will be glad to table the letter. After all, he is entirely correct in that, and I was hoping that some hon. member would ask that question.

Some hon. Members: Oh, oh.

Mr. Diefenbaker: It is available for tabling, and I will do so either now or at the conclusion of my remarks.

Some hon. Members: Now.

Mr. Diefenbaker: Might I table this letter, sir, at the request of the hon. gentleman?

The Chairman: We have the same situation here as we had a moment ago. It cannot be tabled at this time. It may be left at the table for the availability of the members.

Mr. Diefenbaker: I would be very glad to quench the thirst for dependable information on the part of the hon. gentleman, which must be satisfied and at the earliest opportunity.

Mr. Basford: Mr. Chairman, my point of order is that the right hon. gentleman should obey the rules and identify the letter he is reading. We want to be sure that we are not having any more forgeries.

Mr. Diefenbaker: All I can say to the hon. gentleman is that his mind reveals a great interest in the subject possibly for good reason.

Now, sir, the purpose of this debate was to unveil a plan to give the provinces the opportunity which they should have had before it was brought before this house, namely that of consultation and consideration. Indeed, the present government offered that consultation

in this work of art entitled "Canada's Liberal path to prosperity, progress and peace—the Pearson Plan", where at page 12 it says this:

A Liberal government would give prompt consideration to a national contributory pension scheme co-ordinated with existing provision for retirement and old age security. The pensions would begin at 65 and be based upon federal contributions as well as upon contributions by employees, employers and self-employed. This is a highly complex problem requiring the agreement of the provinces, but we would act as quickly as is consistent with establishing a really sound and effective scheme in the general interest.

Miss LaMarsh: May I ask the right hon. gentleman a question?

Mr. Diefenbaker: I am not going to have any of these interruptions. I sat quietly while the hon. lady spoke and I am asking for the same consideration.

A moment ago, the hon. lady said something should be done for women—something should be done for unmarried women and widows. How far removed is this plan from the promise made in these words, to be found on page 11:

There is a serious gap in provisions for old age—one which particularly affects women workers. Many companies retire their women workers when they reach the age of 60 and the men at 65, but old age assistance is not available to anyone under the age of 65. For unmarried women and widows we would make it available at 60.

That was the promise. And that promise is being implemented today by undertakings to see whether the provinces will do what was promised in this policy summary to which I have referred.

I was interested in another aspect. One would almost think that creation began with the Liberal party—that nothing had ever been done in the field of social security except by the Liberal party. I do not intend to go into that today, except to say—

Some hon. Members: Ah.

Mr. Diefenbaker: Oh, no, I am familiar with that old mythology, those myths which members opposite repeat over and over again until finally they begin to believe them themselves. No party has a monopoly of social justice. A short review of history from the days of Macdonald shows that throughout the years each political party has made its contribution in this regard. When I look back to the days of Macdonald I find that the Liberal party of that day opposed trade unions. They were entirely opposed to such a system being built up on behalf of labour. Does this mean that the Liberal party carries that stigma forever? As far as social security legislation is concerned, workmen's compensation provisions and the like, it was first introduced into the country by a Conservative government in the province of Ontario. After all, one would think there was in the hearts of those so-called Liberals something different from what is possessed by other human beings.

Some hon. Members: True.

Mr. Diefenbaker: One has only to state that proposition to understand how ridiculous it actually is. I repeat: This announcement today will prove a disappointment to the old people across this nation who were callously deceived by promises made during the election campaign by those who sit opposite.

I was tremendously interested in the homily on political honesty to which we were treated. I felt the hon. lady did protest too much when she said that increases were based on other than political considerations. All I know is this: All through the election campaign the older people of this nation felt they had a true commitment from the Liberal party in this regard. They believed they had a commitment not only in general terms but in actuality. The hon. lady spoke of increases in the old age pension and social security payments as something which should be entirely based on economic considerations. What about 1957? You may remember, Mr. Chairman, that the hon. gentleman who is now Secretary of State for External Affairs took a strong stand at that time in this regard. The Prime Minister followed suit, because he was a member of that government. They were boasting of their surpluses; boasting of an expanding economy. The cost of living had been going up seriously and dangerously for five or six years. But they said at that time that $6 was enough for the old people of this nation. The economy at that time, so they said, was expanding. Yet at that very time they refused any further increase. All kinds of explanations were given. One of them was supplied by the Hon. Walter Harris, who was minister of finance. He said: If we give them more than $6 there will be a dangerous trend toward inflation. That was the excuse. They thought they could get away with it.

During the period in which the government of which I was the head was in office, we expended in this country on social security sums far and beyond those which had ever been expended before. My hon. friend who is sitting beside me did more on behalf of social security—and I am measuring this on the basis of the amounts which were made available in this connection—than had ever been done before under any other government in a period of 50 years or more. He will deal with that in detail, later. We increased the amount of social security benefits, old age pensions, soldiers' pensions, old age security payments and so on. In 1919, the Liberal party promised health insurance, and they won several elections afterwards on the strength

of their promise. They finally brought it in in 1957, subject to a qualification that it would require the consent of the majority of the provinces. That is as far as they went. When we came in it was one of the things which added to the difficulty of the financial situation in which we found ourselves, the amount of the expenditure we had to make in this connection in the first year being about $170 million and increasing year by year thereafter. If it had not been for the increases in social security payments and the assistance given to the provinces to enable them to discharge their responsibility, we would have had a deficit in no one year between 1957 and 1962.

A belief in social security and social justice is not something I have acquired in recent years. I have taken the same stand throughout. All of us are affected by the days of our childhood and youth, and I fully realize what the difference would have been had there been in effect something of the social security that was beginning to expand among all political parties after 1926.

As far as many social security matters are concerned, it is of interest that the government of the Right Hon. R. B. Bennett brought in legislation on hours of work and vacations with pay as well as an unemployment insurance measure. But when the Liberal party came into power in 1955 the first thing they did was to submit the matter to the courts and to appoint counsel to argue that these measures were unconstitutional. Then they took years thereafter before introducing similar measures.

Mr. Matheson: Were they constitutional?

Mr. Diefenbaker: I believe now as I said in 1944, we must go forth to new horizons of social justice. Today the opportunity comes to us as it has come to few men in few generations to take part in the forward march of the common man. Tremendous changes are taking place. The state must guarantee and underwrite equal access to security, to education, to nutrition and to health to all. That assurance is inexorable through the awakening of the spiritual being of man everywhere, and the recognition by all men of their responsibilities for the welfare of every other man, not only within their own state but beyond its confines.

I am not going to give the quotations today because there will be fuller opportunity later; but throughout we in this party have followed the course of expanding social security in this nation. When we came into office the human betterment needs of Canadians had been neglected to such an extent that Canada lagged behind most of the nations in the western world in the care of those who, through no fault of their own, were unable to meet even their most modest needs. Not once but twice in the five years we were in office we increased old age pensions, blind, disability, war veterans and other pensions. We brought these matters before parliament in order to rectify the dilatory tactics of the former administration in meeting a serious social security problem.

I am not going into the statistical record, but during our period in office we increased human betterment payments from the national treasury to the average Canadian by about 80 per cent. That is a record which indicates something of our purposes, our aims and our intentions. All of these things, disabled pensions, extra old age assistance and so on, will be dealt with by others in this debate. I shall do no more than refer to this fact. In the field of health and welfare the amount of payments in 1956-57 was $885 million and in 1962-63 expenditures were $1,900 million, an increases of 115 per cent. And so I could go on citing the whole field of social justice during a time when many argued that there should not be any expansion in social security however far behind other nations we had fallen up to 1957.

Mention was made of the United States by the hon. lady. It is perhaps useful to compare the position of Canada in relation to the United States, the United Kingdom, Australia and New Zealand. It is very difficult to get comparable data. The data for 1949-50 and 1956-57 are not exactly comparable with that for 1958-59 and 1959-60. But these are the figures. In 1949-50 the percentage of Canada's national income expended on social security was 7.8. In 1956-57 it was 8.7 per cent and by 1960-61 it was approximately 12 per cent. Some figures for other countries are: the United Kingdom, 12.5 per cent; New Zealand, 13.9 per cent and the United States 7.6 per cent.

I said a moment ago that no one had a monopoly of the feeling for others. I remember so well, however, the attitude and philosophy of the Liberal party in 1957 when the then member for Eglinton protested that the slight increase of $6 would not be effective until July 1. A moment ago the hon. lady said there should not be an increase in an election year. They did it themselves that year. They thought they could get away with $6, and the same group of six-buck boys is riding again. This time they promise a manna in the future. At that time I expressed myself in these words, as found on page 2774 of *Hansard* for March 28, 1957:

> As far as old age pensions are concerned, we believe the increase is totally inadequate for the needy; it is niggardly and paltry. Twenty cents a day will do nothing to help the needy among the old age pensioners of this nation. The increase

of $6 per month simply will not meet their desperate need; and with the government spending so extravagantly and so profligately in other directions there are no words with which one could describe its disregard of the needs of our senior citizens.

We proceeded to increase these pensions subsequently. One of the most unusual explanations that was given by anyone opposite was made by the Secretary of State (Mr. Pickersgill). You know, he believes in two flags, and one thing and other like that. I am sorry he is not here today. On October 25, 1957, when we increased the old age pension by $9 a month, he said as found on page 427 of *Hansard*,—and listen to this for a philosophy:

I am going to support it, but it does present a real problem for all of us who are conscientious representatives of constituents on the Atlantic seaboard. The effect of the legislation the government is now proposing will be—perhaps not for anyone more than myself and the hon. members for Burin-Burgeo and Grand Falls-White Bay-Labrador—to give to the retired adults in many of our communities larger incomes than those of the working members of their families who have to contribute through the sales tax toward the payment of these pensions.

There was a philosophy. Only one with a two-flag mentality could come out with an ejaculation like that.

The Chairman: I regret that I have to interrupt the right hon. gentleman, but it being five o'clock it is my duty to leave the chair in order that the house may proceed to the consideration of private members business pursuant to section 3 of standing order 15.

Mr. Speaker: Has the Minister of National Health and Welfare leave to table the documents to which she referred in committee of the whole?

Some hon. Members: Agreed.

[Editor's note: For text of document referred to, see appendix to *Hansard* for July 19.]

PRIVATE BILLS

Mr. Speaker: Since there are a number of private bills standing on the order paper for consideration in committee of the whole, is it agreed that in accordance with section 1 of standing order 54, they be referred to the committee in one motion?

Some hon. Members: Agreed.

CONSIDERED IN COMMITTEE—THIRD READINGS

Bill No. S-11, respecting the Evangelical Lutheran Synod of Western Canada—Mr. More.

Bill No. S-18, to incorporate Baptist Convention of Ontario and Quebec—Mr. Wahn.

Bill S-19, to incorporate The Union of Slavic Churches of Evangelical Christians and Slavic Baptists of Canada—Mr. Smith.

[Mr. Diefenbaker.]

Bill No. S-21, to incorporate Ukrainian Canadian Foundation of Taras Shevchenko—Mr. Mandziuk.

Bill No. S-24, respecting The Evangelical Lutheran Synod of Canada—Mr. Winkler.

Bill No. S-23, respecting The Canada Board of American Missions of The United Lutheran Church in America—Mr. Winkler.

Bill No. S-8, respecting Quebec Fire Assurance Company—Mr. Forest.

Bill No. S-22, to incorporate Fidelity Mortgage and Savings Corporation—Mr. Morison.

Bill No. S-20, respecting General Mortgage Service Corporation of Canada—Mr. Wahn.

Bill No. S-13, to incorporate Standard Trust Company—Mr. Wahn.

UKRAINIAN NATIONAL FEDERATION OF CANADA

The house in committee of the whole on Bill No. S-12, respecting Ukrainian National Federation of Canada—Mr. Mandziuk—Mr. Lamoureux in the chair.

Mr. Deputy Speaker: For the information of hon. members the amendments proposed to this bill, as recommended in the fifth report of the standing committee on miscellaneous private bills, are printed at pages 221 and 222 of *Votes and Proceedings* of July 17.

On clause 1:

Mr. Macdonald: Mr. Chairman, I do not want to delay passage of this bill but I wish to mention a question of principle which was very much discussed in committee and which it might be useful to put on public record. May I first say that the members of the committee were greatly impressed with the presentation made by the sponsors of the bill, both in this house and in the other place, and with the very able assistance we received from the parliamentary counsel.

The question of principle to which I want to make reference is that incorporated in the proposed clause 8A (2). If I might summarize it in this way, there is conferred upon the central body the power itself to incorporate further corporations, thereby involving a delegation of the crown's right to incorporate. At the time the committee considered this there was general agreement among members, including the hon. member for Edmonton West (Mr. Lambert) and hon. members on this side of the house, that they were concerned about the possibility that a number of precedents might be set up, by which this power might be more greatly used.

At the time it was considered in committee it was disclosed to us that there had been three other examples in which this particular power had been conferred, all in connection with religious institutions, and it was agreed by all members of the committee

that the Ukrainian National Federation of Canada was no less entitled to this power. However I think I am expressing the views generally held by members of that committee in saying they would be unhappy to see this particular provision being brought forward in connection with other organizations whose beneficial purposes and bona fides are less obvious than they were in this particular case.

Therefore I would like to lodge a caution, for the benefit of others who might be bringing bills forward, that there is a general feeling that this particular power, that of delegating to a corporate body the right itself to create corporations, should not be too widely used in bills brought before this house.

Clause 1 agreed to.

Bill reported, and read the third time and passed.

SECOND READINGS—SENATE BILLS

Bill No. S-25, respecting the Board of Trade of Metropolitan Toronto—Mr. Wahn.

ALLSTATE LIFE INSURANCE COMPANY OF CANADA

Mr. S. Perry Ryan (Spadina) moved the second reading of Bill No. S-28, to incorporate Allstate Life Insurance Company of Canada.

Mr. Gilles Gregoire (Lapointe): Mr. Speaker, I would like to ask a question of the hon. member sponsoring this bill through the house. Can he tell us who are the majority owners of this insurance company?

Mr. S. Perry Ryan (Spadina): Mr. Speaker, 75 per cent of the stock will be owned by the Allstate Life Insurance Company, a United States firm. Twenty five per cent—

Mr. Deputy Speaker: Order. It must be understood that the hon. member is now closing the debate.

Mr. Gregoire: Oh, no, Mr. Speaker.

(Translation):

Mr. Speaker, it is just that we want to ask a question about this bill, the answer to which will determine our stand.

(Text):

Mr. Deputy Speaker: Is it agreed by the house that the hon. member shall have the opportunity to answer this particular question?

Some hon. Members: Agreed.

Mr. Ryan: Mr. Speaker, I would like to say to the hon. member for Lapointe (Mr. Gregoire) that 75 per cent of the ownership of the stock of this proposed corporation will be held by Allstate Life Insurance Company, a United States company. Twenty five per cent will be held by Simpsons-Sears Limited of Canada. The situation is that Allstate Life, the United States company, is actually owned 100 per cent by Sears-Roebuck, and the Canadian company of Simpsons-Sears Limited is 50 per cent owned by Sears-Roebuck; so it works out that about 87½ per cent of the stock will be issued to the United States Allstate Life firm. That actually will not be the way it will be, but in effect that will be the equitable ownership. As to the remaining 12½ per cent, Simpsons Limited of Canada will own it. There is another provision with respect to non-voting participating preference stock, 8 per cent of which will go to employees, who of course might be Canadians; so there may be Canadian ownership of somewhat more than 12½ per cent, depending on the result.

Perhaps I should give a little more elucidation in view of the hon. member's question. Bill No. S-28, to incorporate this new Canadian life insurance company with the English name of Allstate Life Insurance Company of Canada and, in French, Allstate du Canada, Compagnie d'Assurance-Vie, is similar to Bill No. S-12 introduced at the last session, which bill was not passed prior to dissolution. The only change is in the addition of the French name. As many hon. members know, Allstate is the name of two insurance companies in the United States. They are, as I said, both owned by the Sears-Roebuck company. In January of 1953, when Sears-Roebuck and Simpsons Limited formed Simpsons-Sears Limited, there was an informal agreement or understanding that Simpsons-Sears Limited would eventually acquire an interest in the insurance business in Canada of the two United States Allstate companies. In pursuance of this agreement there was incorporated by parliament in 1960 the Allstate Insurance Company of Canada, which was given power to write all lines of insurance in Canada other than life. At the present time both United States companies—that is, Allstate Insurance Company, which writes all types of fire and casualty policies, and the Allstate Life Insurance Company, which writes life policies—are carrying on business in Canada very successfully. Their history in Canada is that in 1949 the fire and casualty company acquired a licence under the Foreign Insurance Companies Act and commenced its operations here on a major scale in 1953. Its annual premium volume is now in excess of $16 million, representing about 4.8 per cent of all automobile insurance in Canada, and a much lower percentage of fire and casualty lines. This company has approximately 250,000 Canadian policyholders at the present time; that is, the fire and casualty company. In 1960 the other company, the life company, acquired

a licence, also under the Foreign Insurance Companies Act, permitting it to write life policies in Canada.

The Allstate Life company has approximately $32,500,000 of life insurance in force in Canada at the present time, with approximately 3,400 policyholders. It is the business of this life company that it is proposed shall be acquired by the incorporation contemplated in this bill. If the incorporation of this Canadian life insurance company be granted, then it is intended that the holdings of the United States Allstate Life Company in Canada shall be transferred to the new Canadian company as of January 1, 1964.

I may say to the hon. member that the Allstate offices in Canada, both firms, are now staffed 100 per cent by Canadians. In addition several Canadians have gained their experience here and now fill important executive positions with the company in the United States. Allstate now employs about 700 people in Canada and it is expected that in the next five years they will employ about 1,000 Canadians. The company maintains offices in most cities of Canada and it is well known. It also maintains sales offices in the Simpsons-Sears department stores. In 1960 the Sears-Roebuck company and Simpsons-Sears Limited—I know this is rather confusing—carried on discussions as to the implementation of the informal agreement they made in 1953. After these discussions the Sears-Roebuck company offered to sell to Simpsons-Sears Limited an interest, not exceeding 50 per cent, in the Canadian business of Allstate; but Simpsons-Sears Limited, in view of its capital commitments, certain commitments it had undertaken for extending its mail order and departmental store business, decided to purchase a 25 per cent interest. To permit Simpsons-Sears to acquire this interest it was decided to incorporate Canadian companies which would acquire the Canadian Allstate business. The shares of these companies would be owned, as I said, as to 75 per cent by Allstate and, through Allstate, by Sears-Roebuck and Company, and as to 25 per cent by Simpsons-Sears Limited. As the shares of Simpsons-Sears are in turn owned 50 per cent by Simpsons Limited and 50 per cent by Sears-Roebuck and Company, this will result in Simpsons Limited having, as I say, 12½ per cent interest, and Sears-Roebuck an 87½ per cent interest in the Canadian business of Allstate. These percentages were arrived at without taking into account the 8 per cent interest represented by non-voting participating preference shares which will be held primarily by Canadian employees in the Simpsons-Sears profit-sharing fund. So it will readily be seen, Mr. Speaker, that both the Allstate companies have the right to do business in Canada, in any event, and that by the formation of the two Canadian companies and transfers of assets to them there will result somewhat more than 12½ per cent Canadian ownership of the Allstate business, where there is presently no ownership whatsoever.

The two Canadian companies—that is, the one already incorporated and the one proposed by this bill—will each have nine directors, a majority of whom must under the law be Canadian citizens residing in Canada. The original directors of this company, the ones applying for this incorporation, are all Canadian residents and five out of six of them are Canadians. It is planned that Mr. John Atkinson, a Canadian, shall be president of the two Canadian companies and that the management will continue to consist wholly of Canadians. The operation of the Canadian companies will to a large extent be carried on independently of the United States companies, which is consistent with the United States companies' intention to decentralize their operation. It will readily be seen by all hon. members, Mr. Speaker, that the acquisition of an interest in the Allstate business was an inducement to Simpsons Limited back in 1953 to enter into the agreement with the Sears-Roebuck company, and that this proposed incorporation will falcilitate the proper carrying out of this undertaking which the Allstate and the Sears-Roebuck people made at that time to the Canadian firm. Mr. Speaker, if the new life insurance company is not incorporated, the life business will have to continue as at present wholly-owned in the United States. Or in the alternative, it will have to seek a provincial incorporation, and that would be less desirable than a Canadian charter in the view of the applicants, the petitioners.

The present Canadian management and staff are most anxious to obtain separate Canadian incorporation. This will provide a much greater sense of identity than is possible at the present time when the Canadian operation is being carried on as a branch of the United States company. Incorporation in Canada will also permit a separate Canadian profit-sharing plan to be developed which, in view of the faster rate of growth of the Canadian part of the business over that in the United States, should prove highly advantageous to Canadian employees. They are the ones who want this incorporation and are most enthusiastic about Canadianizing it. That is another reason for the dual name.

I submit to all hon. members that there is some gain here in the form of at least a one

eighth Canadian participation in the ownership. It is not a large gain but it does give Simpsons Limited a fixed and definite interest in the life insurance operations in Canada of the Sears-Roebuck operation where none now exists. If the bill receives second reading it is my intention to move that it be referred to the standing committee on banking and commerce, where it can be examined in detail.

(Translation):

Mr. Gilles Gregoire (Lapointe): Mr. Speaker, I must tell you frankly that the hon. member for Spadina (Mr. Ryan) has not convinced me at all. He would like to Canadianize the Allstate company, but the owners and stockholders remain nevertheless foreigners and this, on the very day when we are informed that the American government has just imposed a 15 per cent tax on American investments in 22 countries of the world including Canada.

There are now in our country many life insurance, fire insurance and automobile insurance companies, several of which are Canadian undertakings, if we consider their staff as well as the capital invested.

Now, the staff of the company the incorporation of which is proposed may be Canadian, but on the other hand, the capital stock is 87½ per cent American-owned; in other words the profits it makes will go to foreign countries.

What is the amount of money that will flow out of Canada each year? I wonder whether the hon. member sponsoring this bill has given a thought to that before introducing the bill. What is the amount of benefits that will go out of Canada each year to be distributed to the owners of the stock of this company? Of course substantial amounts will be added to those that are already flowing out of this country. In fact, an estimated amount of over $1,200 million is leaving Canada every year to be distributed to citizens in foreign countries, in the form of profits, interests, benefits and dividends.

As the majority of owners of this company are citizens of the United States, they will be anxious to draw their benefits and to bring them back, so to say, to their own country.

Mr. Speaker, there are several Canadian companies selling insurance. Then why should we accept all foreign companies which would like to enter into the insurance business in Canada. In fact, it would be interesting to inquire of the Department of Finance or the department of insurance in Ottawa in order to determine how many American or foreign countries whose majority owners are non-residents do business, and in what amount, in Canada.

On the other hand, I would be curious to know how many Canadian companies are doing insurance business in United States. In fact, is the American government willing to incorporate in United States a Canadian company wishing to do business there, especially in the insurance field.

It would also be interesting to know how many Canadian companies derive profits from the United States. As a matter of fact, I am convinced that the Canadian people would be amazed to note the disproportion in that connection. It would then be realized that Americans can set up companies in our country—which they use as their hunting grounds—in order to invest their capital, collect premiums and have them yield profits for themselves, while we are unable to avail ourselves of the same advantages.

If we asked ourselves all those questions, we might be less interested in incorporating so-called Canadian companies, which are only Canadian through their insurance salesmen. It must be kept in mind that it is the salesman who does all the work, while the shareholder does not even live in Canada. In fact, he receives dividends, he takes profits, but the insurance salesman is the one who does most of the work, and in a field where competition is rather fierce today. And those who benefit, who make large profits, are foreigners after all.

Let no one tell us that these are Canadian companies, when 87 per cent of the shares are held by non-resident Americans or others.

Mr. Speaker, I have nothing against the Americans. The United States have a population of 180 million people and, in my opinion, the Americans should be happy to sell insurance to their fellow citizens, leaving Canadians to do the same to their own people.

One must not forget that insurance companies represent one of the largest savings and investment funds for the development of a country's economy. Consequently, let us leave to our Canadian companies the task of keeping for us that savings and investment fund that will contribute to the growth of our economy.

Today, President Kennedy announced during the noon hour, that the United States government will be asked to approve a 15 per cent tax on American investments in

Canada. On the other hand, we will continue to export our capital to the United States and to invest there for the advantage of American companies. That is illogical, Mr. Speaker.

This afternoon, the Minister of Finance complained about his biggest headache, the deficit in our international balance of payments. It now seems that the members of his own party wish to add to his troubles by helping again those companies to take our capital away from us.

I now see the minister of commerce (Mr. Sharp), who is also interested in the development of trade and industry in this country. Insurance is one of the greatest businesses, one of the most important industries of the country. Then why encourage the establishment of foreign industries and businesses in our country when it would be perfectly possible to develop an insurance industry here in our country by Canadians and for Canadians.

Mr. Speaker, I think that the sponsor of the bill will understand that such a situation is no longer justified. The sponsor of the bill will understand that we cannot in good faith accept the passage of a bill which would be giving still another part of our savings to foreign companies the profits of which will revert to non-residents and consequently leave the country.

Mr. Speaker, needless to say that an attempt can be made to have the bill read for the second time before the end of the session, but we shall not allow it to pass. Therefore, if the sponsor of the bill will realize that the time of the house is too valuable for that, he will simply withdraw his bill. It must be understood that if insurance companies were scarce in Canada, if there were not any, it would be different. But, we have enough especially in the field of life insurance; there are Canadian companies in the province of Quebec, as well as in all other provinces, with Canadian stock. Since we have enough and that we are in a position to develop that industry ourselves, to bring other foreign companies to Canada to operate in that field is utterly nonsensical and illogical.

The sponsor of the bill should make it clear to those who are asking for the incorporation and refrain from introducing it again.

I note that the provisional directors of the company mentioned in the bill are all from Toronto. But, just because of that, are we going to believe that the real directors and owners are people from Toronto? Everybody knows when a lawyer prepares the incorporation of a company he often picks his secretaries as acting directors until the first meeting, where the real directors will be appointed. Therefore, those first directors are not the real directors of the company. That is why, even if the whole city of Toronto were thrown in, we know quite well, as the hon. member himself told us, that that company is controlled to the extent of 87½ per cent by American interests.

So, Mr. Speaker, that is one of the reasons why we are opposed to this bill. I think we have very good reasons for being opposed to it, and I believe all Canadian insurance companies agree with us. In fact, every one who cares about the well-being of our economy also agrees that we should try and keep as much as possible in our own country that field of endeavour which we must control.

Mr. Pigeon: Mr. Speaker, I should like to direct a question to the hon. member for Lapointe. Does the hon. member think it is normal or abnormal for foreign industrialists or foreign investors, not residing in Canada, to come in this country and invest money, abiding by Canadian laws, just like Canadians may go to the United States or Brazil, where the Brazilian Traction Company is controlled by Canadian interests, inasmuch as these corporations conform to Canadian laws?

Mr. Gregoire: Of course, I think that is normal. But there is a sentence which the hon. member failed to understand. If a company or somebody invests funds in our country, well and good, but this insurance company does not come here to invest in Canada; it comes here to take our savings out of this country.

The investments of an insurance company are in fact the savings of that company's policyholders. When an insurance company makes an investment in a large building, of the kind we can see in our cities, it does not invest capital from the United States but our own money, which comes from our savings and our investments. It is not its money which it brings in; it brings no new capital. A foreign insurance company settling in Canada comes without anything. It just channels our

savings and our investments. It just channels them into a holding which it created for its own advantage. It is not the same thing as if it invested capital or brought in skills or some other talents, not at all, it just comes and uses our savings and investments to make profits. That is why I say that in Canada we have everything we need to do it ourselves.

Mr. Pigeon: I have a supplementary question for the hon. member for Lapointe, Mr. Speaker. Can he prevent a Canadian to do business in good faith with a company such as that mentioned in the bill we are considering now, if it is incorporated?

Mr. Gregoire: No, Mr. Speaker, it is not a matter of preventing anyone from doing business with a company. After all, we do not live under a dictatorship. It is not a question of preventing a Canadian of good faith from doing as he pleases. However, we must not either greet with open arms all those companies owned by non-residents who would come to operate in a sector where we are capable of operating ourselves.

There are in Canada American, English and French insurance companies. If that was done in the past, it is not a reason to keep on allowing foreigners to channel our savings, our efforts and our investments.

It is not a question of stopping a Canadian citizen from taking out an insurance policy with the company of his choice. No, that is not the problem. It is only a matter of trying to protect our own people as much as possible, especially in the insurance business, against the intrusion of foreign companies when, in fact, we succeed so well in developing the insurance business in our country. All the more so—and I think that Allstate is one of them—since those companies often have methods against which our own insurance companies cannot always compete successfully. When a person buys an insurance policy from Allstate, that insurance is sold at the counter. And when you have claims to lodge, there is no agent to help you; you inquire at the counter, you get no help from them, and often the person who takes an insurance with a counter insurance company such as Allstate is not in as good a position as if he were to insure with an insurance company which has brokers and agents who are interested in giving satisfaction. In fact, all insurance brokers and agents in the country will tell you that counter insurance, whether from Allstate or other American companies of the same type established in Canada, does not give satisfaction to the policyholders.

So the point is we must protect our insurance industry against that new method they want to introduce in Canada and which, often, does not serve at all the interests of Canadian policyholders.

(Text):

Mr. Greene: Would the hon. member permit a question? I understand that these companies which make direct sales of insurance are able to sell more cheaply to the consumer than those which deal through a series of agents. I wonder if he would tell us whether his party is against these direct sales which result in insurance being cheaper to the consumer?

(Translation):

Mr. Gregoire: Not necessarily, Mr. Speaker, Not necessarily. We are not necessarily against this type of counter sales, for they tend to reduce prices.

However, there are different points to consider with regard to that system. For example, it creates unemployment and reduces the need for manpower. But this is only a minor argument. The main argument is that it might be advisable that the government inquire into the service given to Canadian policyholders in this system of direct sales of insurance.

You will understand, Mr. Speaker, that as members of parliament, we are in touch with the people. We find that some citizens are sometimes cheated by certain insurance companies. It is very difficult to obtain satisfaction from these insurance companies.

Mr. Speaker, allow me to give you one example. About four years ago, my car was parked in one of the main arteries of Montreal, while I was on the other side of the street. A passing cab sideswiped the side of my car. The driver gave me the name of his insurance company, to which I naturally wrote—it was a company which sold insurance over the counter, as the company we are discussing today—but I did not collect a red cent for damages. Was it because I did not go about it the right way in presenting my claim? However, as the amount involved was not very important, I did not think it was necessary to ask a lawyer to put in my claim for me. But I must say that the company did not pay any damages.

This type of company which functions rather like a slot machine selling insurance leaves the car owners to shift for themselves in case of need.

To come back to the matter in hand, I feel the government should inquire into it, and find out whether that type of company serves the public in a satisfactory and honest way.

Mr. Pigeon: May I direct a question to the hon. member?

(Text):

Mr. Greene: May I ask a question? Does the hon. member's party advocate greater control of insurance by government and by government agencies?

(Translation):

Mr. Gregoire: No sir. Our party has never requested that a greater control be exercised over the insurance companies by the government nor are we asking for any legislation of that kind. The words "protect" and "control" have a different meaning: to wish to protect our Canadian insurance companies against a foreign insurance company is quite different from wishing to "control" them.

There is no question of control here, Mr. Speaker; it is a matter of finding out the facts, not of controlling. It is chiefly a matter of protecting the Canadian people and the Canadian industry, in this case our insurance companies, but there is absolutely no question of controlling them.

Why should we ask for government control? There is no such need, Mr. Speaker. Our insurance companies are doing well at present and no government control is called for.

Mr. Pigeon: Mr. Speaker, I should like to direct a question to the hon. member for Lapointe. He suggested that an investigation should be carried out by the federal government in the field of insurance. Does he not fear that that would be an infringement upon provincial autonomy? Since the provinces are rather touchy about their rights and since each of them has an insurance division, would it not be up to them to carry out such an investigation if that is necessary?

Mr. Gregoire: Mr. Speaker, I would have no objection to this recommendation being passed on to the provinces.

However, since those big insurance companies are seeking a federal charter, then I feel it is up to the central government and not to the provinces to undertake the investigation we recommend.

At this stage, allow me, Mr. Speaker, to give an example to the hon. member for Joliette-L'Assomption-Montcalm. In my own riding as well as in the constituency of Chicoutimi and Lotbiniere, about a year and a half ago, a number of citizens were literally tricked by confidence men who pretended they were giving away sewing machines, the only catch being that the recipients had to undertake—through a finance contract—to pay an amount of $600. Altogether 190 people let themselves be fooled in that way.

In that case, there had been an actual transgressing of the law. Therefore, those people got organized and instructed a lawyer to represent them before the provincial government, requesting the province to get that finance company off their backs.

(Text):

The Acting Speaker (Mr. Batten): Order. I apologize for interrupting the hon. member but the time allotted to him has expired.

Mr. Gregoire: One moment, sir.

The Acting Speaker (Mr. Batten): Does the house give unanimous consent?

Some hon. Members: Agreed.

(Translation):

Mr. Gregoire: Now, after that lawyer made the necessary representations to the provincial government, the attorney general of the province of Quebec replied that this was a matter coming under federal jurisdiction. At that point, I myself asked Mr. McGregor to look into the problem. Before going any further, I must congratulate Mr. McGregor before the house for the magnificent work he did, for he succeeded, with the co-operation of his inspectors, to install order where disorder existed and at the same time to bring to heel an American finance company, the Seaboard Finance, which, with the assistance of two confidence men had taken in a great many people. Following the intervention I just mentioned, justice was done to those people.

(Text):

Mr. Ryan: Mr. Speaker, I rise on a question of privilege. I must object most strenuously to this company whose bill I have been asked to sponsor being put in the same category as the type of groups to which my hon. friend has referred. After all, this bill has been considered in committee and passed by the other place, and I am certain there can be no possible comparison between the men seeking to incorporate this company and the type of groups to which the hon. member has referred.

Mr. Gregoire: There is no comparison at all. It is just an example of provincial and federal jurisdiction. That is all.

The Acting Speaker (Mr. Batten): Order. The time allotted to the hon. gentleman has

expired, and unless the house gives unanimous consent—

Some hon. Members: Agreed.

Mr. Greene: I should like to ask the hon. member a question. He has referred to the flow of dividends and profits going to the United States of America from American companies doing business in Canada. How does he reconcile that with the fact that the deputy leader of his party, the hon. member for Villeneuve (Mr. Caouette), has a car agency from an American concern and the profits from that company go back to the United States? In view of the ideas the hon. member has expressed today, is this in accord with the thinking of his party so far as their deputy leader is concerned?

(Translation):

Mr. Gregoire: Mr. Speaker, it is true that the hon. member for Villeneuve operates an American car agency. But if the previous governments had been wise, they would have encouraged Canada to develop its own automobile industry and we would not have to sell American or foreign cars. It is because of government negligence that at this time we have to sell American cars.

(Text):

Some hon. Members: Six o'clock.

Some hon. Members: Carried.

Mr. Gregoire: Six o'clock.

Mr. Herridge: I move the adjournment of the debate.

The Acting Speaker (Mr. Batten): Is it the pleasure of the house to adopt the said motion?

Some hon. Members: No.

The Acting Speaker (Mr. Batten): Order. It being six o'clock, the hour appointed for the consideration of private members' business has expired and the house will revert to the business that was interrupted at five o'clock.

PENSIONS

PROVISION FOR CANADA PENSION PLAN, INCREASED OLD AGE SECURITY PAYMENTS, ETC.

The house resumed consideration in committee of the following resolution—Miss LaMarsh—Mr. Batten in the chair:

That it is expedient to introduce a measure to establish a comprehensive pension program to be known as the Canada pension plan and to provide among other things for the payment of pensions on an adjusted scale commencing, at the option of the pensioner, at any age between 65 and 70 years; for the payment of pensions to surviving spouses commencing at any age after 65 years; for the progressive establishment of such pensions over an initial period averaging ten years in order to facilitate the adjustment of existing pension schemes to the new plan; for the payment of an additional pension of ten dollars a month to all persons to whom a pension may be paid under the Old Age Security Act; for the adjustment of pensions payable under the Old Age Security Act to co-ordinate such pensions with the new plan; and for the appointment and remuneration of such officers, clerks and employees as may be required for the due carrying out of the new plan; and to provide further that all expenditures under the new plan, additional to those required under the Old Age Security Act, shall be paid out of or reimbursed from contributions by employees, employers and self-employed persons.

At six o'clock the committee took recess.

AFTER RECESS

The committee resumed at 7 p.m.

Mr. Diefenbaker: Mr. Chairman, I had just about covered the preliminaries preparatory to discussing the particulars of the plan brought before the house. I might summarize. Mention had been made by the minister that the day of introducing old age pension increases before an election was over. I had just pointed out that in 1957 that was the course followed by the St. Laurent government, the increase becoming effective after the election with the results that everybody recalls at this time. I further pointed out that the reason given by the leaders of Liberalism in that year for the picayune amount that was provided for was, to use the words of the then minister of finance, "That is the way you fight inflation." This was his answer to criticism directed at the fact the pension would not be effective until July 1.

I should like to point out something more in that connection. During the period from 1953 to 1957 the provinces, and indirectly the municipalities, were being starved by the government of that day. The old age pensioners were being starved. The veterans were being starved. Then, after the election of 1957 we introduced appropriate additions and the members of the former government expressed different views, the general purport of which was, that one of the best ways of getting along is to recognize that you have to change your views. These remarks were made by one of the most distinguished members of the former government, and an equally distinguished member of the present government.

Now, sir, the attitude of the opposition was very clearly set forth during the period we were in office and also during the campaign. We stated we would extend social security; we would add to the dignity and security of our older citizens; we would make retirement from toil and labour a rewarding part of life through an addition to the present old age security program by bringing about directly an old age and retirement plan with survivor benefits. We said that we would co-operate with the provinces to bring about portable pensions. In addition to that, and

in order to assure survivor benefits, we would have to secure an amendment to the constitution. We endeavoured to secure that amendment for two years, in particular from January 17, 1962, thence during the next year until the time we were defeated in the house.

I might summarize the letters which were sent to the various provincial governments by me as prime minister. They were to the effect that the law officers of the crown advise that the authority, under the amendment to the British North America Act, section 94(a) in 1951, would permit parliament to enact directly graduated old age pension schemes, but would not permit the inclusion of benefit payable under certain circumstances to widows and children, nor to contributors who become disabled before they are old. To extend the law in this most desirable way, it would be necessary to replace the present section of the British North America Act in this way:

> It is hereby declared that the parliament of Canada may from time to time make laws in relation to
> (a) old age pensions, and
> (b) pensions and other benefits incidental to, or conducive to the better operation and administration of, a scheme of old age pensions,

We had hoped that agreement would have been reached by 1962 on a means of amending Canada's constitution, but we found it was impossible to secure agreement. The attitude of the provinces in general was favourable to our request, with the exception of one province and to a lesser extent a second, so that again under the constitution the dead hand of the past controlled the present to a degree that made impossible the bringing into effect of national social security legislation, providing for survivor benefits.

In this case the government has become a convert only in recent days to the need for consultation with the provinces, but in this legislation it is placing the cart before the horse. It has brought in a general plan in a resolution, and having brought in the plan, complex as it is, then it calls the provinces together to discuss the matter. I do not know what the reaction of the provinces will be, but certainly two of them have passed legislation in connection with pensions, legislation that may well become a dead letter unless there is full co-operation between the two levels of government, federal and provincial. These things have to be worked out so that in reality, as we debate the matter at this time, not knowing what tomorrow will bring forth in the meeting of the dominion and provincial representatives, we can only discuss in a general way the recommendations and suggestions made.

[Mr. Diefenbaker.]

We intend to examine this matter most carefully. The minister has pointed out that it is complex and difficult. I understand one of its architects was Mr. Stanley, upon whom the Minister of Finance relied with such disastrous results in preparing the budget. After the fiasco of that budget and the recommendations made, it will be doubly necessary to give the fullest examination to this plan that he and those associated with him evolved, to the end that the government will be saved from itself once more and from having to make a further retreat.

After pleading for discussion freed from the sinister influence of political considerations, the minister asked for co-operation. We are going to give the fullest co-operation, and in a little while, Mr. Chairman, I will indicate how far we are prepared to go in this connection in order to give those who now sit on the government benches the opportunity of voicing their vote as they voiced their views in regard to social security during the election campaign.

Over the week end I read the biography of Arthur James Balfour, prime minister of the United Kingdom and a leader in Britain for almost 50 years. In the book there is an extract which illustrates the spirit we are going to use and apply as we examine this general plan. I quote:

> Society is becoming more and more sensitive to the evils that exist in its midst;—

This would be around 1903-04.

> —more and more impatient of their continued existence. In itself this is wholly good; but, in order that good may come of it, it behoves us to walk warily.

If only the Minister of Finance had read those words before he produced that budget.

> It is, no doubt, better for us to apply appropriate remedies to our diseases than to put our whole trust in the healing powers of nature, but it is better to put our trust in the healing powers of nature than to poison ourselves straight off by swallowing the contents of the phial presented to us by any self-constituted physician. And such self-constituted physicians are about and in large numbers—

It applies today, Mr. Chairman.

> —gentlemen who think that they pay Providence a compliment by assuming that for every social ill there is a speedy and effectual specific lying to hand; who regard it as impious to believe that there may be chronic diseases of the body politic as well as of any other body . . . Of two evils it is better, perhaps, that our ship shall go nowhere than that it should run upon the rocks.

All of us recognize the need for action being taken. As the minister has stated, there is universal agreement in that connection; but I have a number of questions to ask the government, and after all, Mr. Chairman, when you remove the halo from what has been said to date and start to look at the substance you

ask yourself: Is there not a great deal in what has been said which is of a nature expressing the possibility of a hope, while denying at the same time the achievement of that hope at an early date?

As the minister has said, this is a tremendous problem and I have a number of questions which I ask merely for information. I am sure the provincial premiers would find some of the answers very helpful.

With the taking over in large measure of the responsibility of providing all employed Canadians with a retirement pension, will private pension plans, in the natural sequence, not tend to be wiped out? It is a frightful challenge. There are hundreds of thousands of people who have pension plans, but not one word was said today, except by way of generality, as to what is going to be done with them.

Can any person under a private pension plan opt out of the national scheme?

Miss LaMarsh: No.

Mr. Diefenbaker: Can they opt out of any provincial plan that is in existence? What happens to the contributions a person has made to provide for old age before the benefits have accrued? What effect will this plan have, unless worked out with the greatest of care and most meticulous of examination, on the 2 million workers already members of private pension plans? What about interference with provincial jurisdiction? To what extent will this plan interfere with legislation such as that recently passed by the Ontario legislature, whose purpose it is to supervise and regulate the pension plan?

I heard today with a great deal of interest the estimate as to how much is going to be deducted from the employee and paid by the employer. All I have to say is that the economists we have talked to say the estimate is about 20 per cent of what the actual deduction will be in a matter of three or four years. Nothing is said about this. We have the unfolding, the unveiling of a great plan, but without evidence as to how much it is going to cost. Is this going to be a means whereby a tremendous amount of additional taxation is to be imposed, without benefit, on many of those from whom the deductions are made who are today members of other pension plans.

Miss LaMarsh: On a question of privilege, Mr. Speaker, the right hon. gentleman must surely have heard that part of my remarks which indicated that the requirement was 2 per cent, to be divided equally between the employee and employer, and that this was the entire amount to be charged.

Mr. Diefenbaker: I appreciate that, Mr. Speaker. If that was produced by Mr. Stanley, all I have to say is that I need better proof than that, after the budget mistakes that we had.

Miss LaMarsh: Mr. Speaker, if the—

Mr. Diefenbaker: My hon. friend has made her speech—

Miss LaMarsh: On a question of privilege—

Mr. Diefenbaker: —and I should like—

Mr. Deputy Speaker: Order. I understand the minister is rising on a question of privilege.

Mr. Diefenbaker: Oh, privilege.

Miss LaMarsh: Again on a question of privilege, Mr. Speaker, the right hon. gentleman has made the imputation that some private citizen prepared this plan. May I, as the minister concerned indicate to the house that the figures used and the plan as drawn up were prepared by the public service of Canada and by the department of insurance.

Mr. Diefenbaker: If that is a question of privilege, the minister progresses. I am glad that the public service of Canada are again being consulted, after the incursion recently of outside advice. A study was made, and a very complete one, by Professor Robert Clark of the University of British Columbia. It was a tremendous study; he worked at it for a very long time. It took 15 months to complete and produce a report of some 727 pages.

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

Mr. Mandziuk: You talked too much, that's why.

Mr. Diefenbaker: The Winnipeg *Tribune* asks some pertinent questions—

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

Mr. Diefenbaker: Mr. Speaker, these quarrelsome contributions are all very helpful, I am sure; but I was trying to discuss the matter somewhat seriously. The Winnipeg *Tribune* sums this up very well when it says:

> The high cost is not the only reason for going slow on such an ambitious undertaking. There are many other problems involving constitutional questions, property rights, existing pension rights, the purchasing power of the dollar and federal-provincial relations.

I listened with interest to the description of how this plan was going to work out. This is the first time in all history that painless pensions have been invented. Only 1 per cent. The state is not going to pay anything. We have had this type of experience

in the past in the introduction of measures such as hospital insurance and all the other fields of social endeavour.

Mr. Matheson: Unemployment insurance.

Mr. Diefenbaker: In the matter of a few years they multiply; they expand; the cost becomes terrific. But what studies have been made in that connection? I could not quite understand, from what the minister said, whether or not this would be a compulsory plan. As I understood it, though—and I have to depend entirely on listening to the revelations as she made them—

Miss LaMarsh: You heard it for two hours.

Mr. Diefenbaker: —it would be compulsory up to a salary level of $4,000. This is a tremendous undertaking; one that will require a great deal of study. I again come back to the question of cost. I am just asking for information, that is all. We find that in the United States the deductions started at 2 per cent. They had the same hope. The deductions started at, not 1 per cent but 2 per cent. The payroll tax is now 6 per cent and it is expected to be 9 per cent by 1970. That does not indicate bad administration, but we ought to learn, on the basis of experience in other areas, what may well be the result here in the future. As has been said on more than one occasion, these tremendous amounts of money will be siphoned off out of the investment field and, rendered funds sterile in government bonds during the first few years beyond that which is being redistributed. This is a vast plan. Most people think of only one thing—this is all they heard during the election campaign—that they were going to get $10. Now the minister says we have to work fast on this. I have seen closure applied by that party, many of whom are sitting over there today. They did not even let us speak in 1956; they moved closure before the discussion started.

An hon. Member: Eighteen days.

Mr. Diefenbaker: But this is a new type of closure, "If you people do not pass this quickly, the old age pensioner who is getting the fixed amount is going to be held up".

Mr. Winkler: Let them pay them the $10 right now.

Mr. Diefenbaker: That is an idea with considerable wisdom in it. We want to see the election campaign promises carried out. Before I deal with the thoughtful suggestion of the hon. member for Grey-Bruce (Mr. Winkler), may I refer to the *Financial Post* in this connection. I am not saying I am in agreement with these views, but they show how we must carefully study this matter and not be stampeded into passing something that is going to be an incubus on the Canadian economy for years to come. We believe in the objective. We carried it so far that we increased social security payments during the period of our office by 79 per cent. But this is a very difficult matter, and we found after the examination not only by Dr. Clark but also by outstanding civil servants that there were many problems in the way. The *Financial Post* said:

> There can be no doubt that the goal of portable pensions for all Canadians is a commendable one and well worth working for. Rarely now does a worker stay in one job for life. Indeed, a fast-changing economy demands a mobile work force and the loss of pension rights when moving from one job to another creates unnecessary hardship for the individual and unnecessary burdens for the nation as a whole—
>
> Even getting a provincial portable pension plan working will impose many complications, most of them costly, on employers and employees. In Ontario, which has set up the first provincial program and scheduled its start for Jan. 1, 1965, companies are having difficulty fitting existing plans into the government's over-all pension framework.
>
> Quebec now says it intends to introduce a plan similar to that scheduled for Ontario. British Columbia and Alberta are known to be actively considering comparable schemes.

Then it says this:

> Inadequate study and over-anxious politicking could very well produce a pension mess beyond imagination and beyond repair.

I believe, as the minister said, that there is general agreement on the necessity; but the difficulty will be to work out a plan that is effective, constitutionally proper or co-operatively implemented with provincial assistance. The increase in the cost of living is now starting ahead faster than was the case when we were in office. They used to say what terrible things would happen when we borrowed money from the international monetary fund, but now they have done the same. The United States today is securing the right to borrow $500 million from the international monetary fund. This is the first time the United States has done that and it is bringing in regulations—if congress passes them, but effective now—designed to bring about that which we brought in in May of 1962. We had to take that action.

However, there is one group which needs assistance now, and that is the old age pensioners. Why not do that which was undertaken implicitly or indirectly by the former government in the elections of 1962 and 1963? There was a commitment. We on this side lost tens of thousands of votes because we stated: "We have raised you to $65. The other people raised you $6. We raised you from $46 to $65, and there will be an increase when the situation improves; but in the

meantime there will be this contributory system over and above the existing pension". The Liberal party said there would be an immediate payment. I say, very well, first of all, do not try and apply closure to the opposition. Do not try to lead the old people of this country to believe that the reason they are not going to get another $10 is because the opposition dared discuss the rest of this question. If it cannot be brought in immediately, make it effective now, and whenever the whole system is in effect then give each one the persion, beginning today. Then they would be doing something along the line they promised.

Second, we suggest that people be allowed to obtain their pension on an actuarially reduced basis as early as age 65. Is this plan actuarially sound? If it is actuarially sound and it is certified so, then we need not expect an ever-increasing levy on business, employers and employees, as has been the case elsewhere. By allowing our people before age 70 to obtain a pension at a reduced rate for the rest of their lives, no significant cost would be imposed on the federal treasury. Persons choosing to take their pension at an earlier age would, of course, benefit from any increase in pensions voted by parliament. While this was not said, it seems to me implicit in what the minister said that this $10 is the last increase. Because she mounted the white charger of political purity and said that never again are Canadians to be bought by their own money. The Liberal government of Mr. St. Laurent tried to do just that and put off the implementation of the additional pension till after the election so that the carrot would dangle before the voters of Canada. Also include a system of flat survivor benefits payable to widowed mothers and dependant children of widowed mothers. As I listened to the minister I think that something in this regard is being done. Canada is one of the very few countries in the western world which does not have a system of survivor benefits unrelated to a means test. Indeed, it is the view of Dr. Robert Clark that this is the greatest gap in the welfare legislation of Canada.

The basis of financial survivor benefits should be made the same as that used to finance old age security itself. This in turn should be altered from its present illogical basis as we see it to an equal tax on earnings of employers and employees, as is done in the United States under the social security act, and under this the self-employed would be covered under similar legislation.

With regard to co-operation with the provinces, the federal government should co-operate with the provincial governments in the regulation of pension plans. It could do so in its capacity as an employer by seeking to have federal employees covered under provincial statutes. It could also offer to administer provincial portable pension acts for those provinces which were willing to pass the appropriate legislation, and a fee could be charged for this purpose.

The question of cost is one to which we must return—not the cost of the firm, fixed old age pension but this contributory one. Because experience has shown that governments have to plan most carefully if they are to assure that their pension plan will be as cheap as employee pension plans in the long run. In addition to that, as I said earlier, we would set up a contributory plan following the most careful study, to the end that the mistakes which have been found to exist in other such plans will be found wanting in ours.

I mentioned a moment ago that I should like to read this literature because it gives one an idea of events so very recent. I outlined a moment ago the promises made. Here is one which went across the country. The great trouble is that a lot of people read the big print but do not read the fine print. How often it happens that those who do not read the fine print find, after they have come to certain conclusions, that the results were not in keeping with the promises of the large print. This is one: "Jobs Created. Take a Stand for Tomorrow—Vote Liberal".

Some hon. Members: Hear, hear.

Mr. Diefenbaker: Never have I seen anything like the political puppets sitting opposite who applaud that, after their experience in recent days. It was all right before the people of Canada had had the experience they have now had. Look at what it says: "Jobs Created". Yet there were 4,000 more unemployed in the month of June than there were a year ago. All the promises of yesterday are disappearing in the light of experience. The hon. lady gave us a course today in how to look at the sun when it is in eclipse. Well, we are looking at this government now. The pamphlet goes on to say: "$140 a Month for Today's Retired Couple; Up to $295 a Month when *You* Retire". That is what I ridiculed. They said it was not going to cost the people of Canada anything. I said that was the most ridiculous promise ever made since the days of the south sea bubble. "Up to $295 a Month When *You* Retire". By Jove, people are asking today: when do we get into this bonanza? I quote further:

For people who are retired now: The Liberal plan for pensions will establish a new national

minimum of $75 a month for today's old age pensioners if they are single or widowed, $140 for married couples.

Then, on the same page, further down under "Contributions" it says:

The Liberal plan will add a contributory pension to the existing old age pension. The addition will be paid for entirely by contributions, not by taxes.

The Secretary of State for External Affairs—I just to have to mention the question of social security and he immediately launches forth with that eloquence so characteristic of him—made a speech on the subject on January 30, 1962. Here are some extracts:

There are four essentials to our plan. First, it will for the first time guarantee to Canadians that they need no longer be concerned about security in their years of retirement.

Some hon. Members: Hear, hear.

Mr. Diefenbaker: They will not be applauding when we get to paragraph 2.

Everyone will have the opportunity of a pension equal to a good proportion of the income he had been earning. The Liberal plan will establish *at once* a new national minimum of $75 pension.

I emphasize "at once". Today they are trying to weasel out of this. They fooled the people. They pulled the wool over their eyes. Now they do not want to answer for what they did in deceiving the people.

Here is what appeared in the Winnipeg *Tribune*: "What can we expect from the Liberals?" that paper asks. I see the Prime Minister smiling. He would go into office, the article says, with a tough schedule for the first 60 days of business, including a visit to London to meet Prime Minister Macmillan, a meeting with President Kennedy and arrangements for a budget by mid-June. Well, I tell the right hon. gentleman that the Hyannis Port honeymoon ended today as far as the United States is concerned. Then the paper says: "Old age pensions will be increased immediately to $75 a month from $65".

I want to give hon. members opposite an opportunity to support their ideals. We realize that an amendment to the effect that $75 should be paid would be one which would be out of order. But there is nothing to prevent a recommendation, and I know they are just waiting for an opportunity to be able to show that they want to recommend to the government immediate consideration of this proposition. They promised the old age pensioners in Canada $75 a month in the large print. Then, in the small print, there were some evasions and qualifications. Their advertising was carefully designed to delude, and it succeeded. It could not have been more effective. Everyone took it the government intended to follow this through. Now I read in the Toronto *Star* of June 29 an article by Mr. Joe Scanlon in which he sums up everything in advance—and he is fairly close to authoritative sources:

They have a plan that will lead to an immediate increase in the present pension and at the same time take the first step to a contributory pension plan.

For our part, as far as this is concerned, we do not intend to allow the government to say to us that, if we dare to discuss this, any time we take in considering this contributory plan in order to make it more effective will deprive the old age pensioners of the increase. What that means is that we should pass this potpourri as it is—get it through; then work will start and the tremendous organization which would be required would be set up. Well, I feel that everyone on the government side of the house will be most anxious to do everything possible to show that there was no callous disregard of election promises in this field. I therefore believe we should take all the time necessary to consider this measure—and it will take time, now. The provinces are meeting. They will, no doubt, be making suggestions after they have had the plan placed before them. They have not yet heard what it may be, because, as the Prime Minister has advised one or other of the premiers, this resolution has been called early so that the plan might be made available and the provinces might know what they are up against when they come here. And this will take time. We want to see the old age pensioner not deprived in any way of the carrying into effect of the promise—

An hon. Member: Promises.

Mr. Diefenbaker: —that was made—

An hon. Member: Commitment.

Mr. Diefenbaker: —while the rest of the plan is being studied. So let us proceed now and do our part in this house to bring to the attention of the government a promise that was made. You see, Mr. Chairman, what they are trying to do is this. They are going to try to pretend that this extra $10 a month is going to come out of the contributions that will be made under the national contributory plan. They are going to start to collect in November or December—I do not know when—and by January they are going to be able to take out $110 million, or whatever the amount is, thereby weakening the fund even before it is established. Surely that is not good common sense. Therefore, Mr. Chairman, in full support of the principle of contributory old age pensions—

An hon. Member: In an irresponsible way.

Mr. Diefenbaker: —in entire support of the laudable desire of the government to make available the $10 a month to those who were

so promised, I move, seconded by the hon. member for Perth (Mr. Monteith):

That the said resolution be amended by adding after the words "ten dollars a month" in line 9: "and this house asks that the government give consideration to making the payment of such additional pension to commence on this date."

(Translation):

Mr. Girouard: Mr. Chairman, I must point out first of all the honour my leader (Mr. Thompson) did me in asking me to speak on his behalf tonight on the occasion of this debate, not only because he asked a backbencher—

The Chairman: Order. I wish to remind the hon. member that there is at present an amendment before the house and that amendment must be discussed before we can hear the remarks of the hon. member for Labelle.

(Text):

Perhaps I could hear argument from hon. members on the amendment which has now been submitted by the Leader of the Opposition.

Mr. Monteith: What is wrong with it?

Some hon. Members: Question.

Mr. Byrne: Mr. Chairman, I think it is quite obvious to all members of the house, certainly to the members on this side of the house who are prepared to look on these things rationally—

Some hon. Members: Oh, oh.

Mr. Byrne: —that this is an amendment to a resolution which requires a considerable amount of expenditure.

Mr. Churchill: The amendment does not.

Mr. Byrne: If the amendment were accepted it would change the sense of the resolution completely and require immediate action which would result in an expenditure of some $50 million to $100 million before it was possible to bring in the measure that would provide for the expenditure.

An hon. Member: That is what you promised.

Mr. Byrne: I am sure the house would not be prepared to consider this amendment in order in any way.

Mr. Aiken: Mr. Chairman, there is just one short reference I should like to bring to your attention. The only objection that can be raised to an amendment of this type is that it would alter the plan set forth by the government. The minister made it exceedingly clear in her initial statement that there was no date set upon which the $10 increase in old age pensions would be made, and since a date was not set surely the setting of a date should not be taken to change the amount of money that will be expended. I will admit that there might be some objection if a date had been set and the amendment set the date back earlier, in that this would mean a greater expenditure, but in this particular case no date was set and therefore no change that anyone can imagine or point to is possible.

Miss LaMarsh: With respect to what the hon. member has just said, he has indicated the line of attack in the amendment moved by the Leader of the Opposition. The amendment is indicative of the spirit of co-operation and of the real interest in the aged people of this country on his part. It is indicative of how little he really cares about the welfare of our aged. The line of attack has been indicated in that if the amendment were adopted it would have the effect of altering the government's plan set forth in the resolution, and indeed, Mr. Chairman, it would do so. The government's plan has been explained explicitly both in my remarks and more fully in the paper which the right hon. gentleman has had in his hands, despite what he said, for the past two hours. It is indicated clearly there that the only way that payment can be made is from the contributions which are to flow in, contributions which, under the timing, cannot be made earlier than October, 1964. The right hon. gentleman was careful not to read that document or to inform himself as to the material before the house. My submission would be that if such an amendment were permitted to be adopted it would have the effect of materially altering the plan of the government as set forth in the resolution, and thus it cannot be accepted.

Mr. Diefenbaker: Mr. Chairman, if I may say a word I think there has been a complete omission to realize the wording of the amendment. It does not say that $10 will be paid. It asks the government to give consideration to making the payment of such additional pension to commence on this date. It is a recommendation to the government, not a direction, not an interference with the financial plan. Of itself it does not require a contribution whatsoever. It simply asks the government to give consideration to this matter. I am sure that both sides of the house are anxious to do that and that the minister in particular, possessed with the interest that she has indicated, will get widespread support for this, because the amendment is not going to interfere in any way with the financial obligation or with the collection of any amounts required to provide payment.

Mr. Francis: I do not believe any of us could believe that the purpose of such a

motion could be anything other than to place the maximum possible coercion on the government to make this plan effective at the earliest possible date. There is no question but that the plan which has been laid before this house by the minister gives rise to administrative difficulties in the collection of revenues. The plan also indicates the earliest possible date in which this could be effected. In addition, the plan indicates that the method of financing the benefits which are proposed is from the contributions as outlined, and the plan cannot be effective before October, 1964.

The adoption of the amendment, therefore, would inevitably have the effect of substantially changing the plan by requiring the payment of pensions in amounts in excess of those which would be provided in the terms of the plan as outlined in this house, and not by any minor sum but by a major sum. The intention of the government, as outlined in the terms of the plan, is quite clear. The adoption of the amendment would place the government in such a position that it would have to change substantially the nature of the plan proposed, and therefore I do not think the amendment is in order.

Mr. Churchill: I should like to say one word with regard to what has been said concerning coercion. There is no coercion, direct or implied in the amendment which has been proposed. The amendment simply asks the government to give consideration to making the payment of such additional pension commencing on this date. This government, which is very fond of setting dates, might like to take this opportunity of giving the further consideration that is suggested by us because obviously everybody in the house is in agreement on pushing forward with this plan.

Some hon. Members: Hear, hear.

Mr. Churchill: This is an example of outstanding co-operation.

(Translation):

Mr. Favreau: Mr. Chairman, with all due respect, I believe that the amendment, as it stands, cannot be accepted because it proposes to the house something it cannot do.

Some hon. Members: Order.

Mr. Favreau: The house is asked to give consideration to the possibility of passing a bill which would involve the payment to commence on this date of a pension when the bill has not yet been presented and the act has not yet been passed. We certainly cannot consider legislation involving an expenditure which would take effect at a prescribed date when the bill has not yet been presented to the house.

On the very face of it, the wording of the amendment is not acceptable because the house does not have the right or the opportunity to consider and study legislation which would involve the payment as of today of a $10 a month pension to anyone.

Under the circumstances, since we are being asked to consider something preceding a bill that has to be passed before the measure is enforced, I say that we are being asked to consider something that is impossible, for on the face of it the wording of the amendment cannot be accepted, as it is unconstitutional.

Mr. Paul: Could the Minister of Citizenship and Immigration tell us in what way this amendment is unconstitutional?

Mr. Favreau: We are asking the house to consider the acceptance or the approval or the immediate passage of a $10 monthly payment when the legislation itself has not yet been introduced.

Mr. Paul: This by no means infringes upon the provisions of the constitution.

(Text):

Mr. Winkler: This is the normal course to follow in presenting an amendment to the house for consideration when that amendment does not commit the government to an expenditure of funds. I will say this. We are doing our utmost this evening to help the government keep its promises, Mr. Chairman. If they fail to agree with this motion, the old people of this country will know precisely where these people stand.

Some hon. Members: Oh, oh.

Mr. Winkler: That is where they stood in 1957, and that is where they stand tonight unless they support this motion.

Mr. Woolliams: As I understand the objection to the amendment by government members, it is that the amendment changes or alters the motion in question. I suggest this, Mr. Chairman, that the only change or alteration that has taken place has been from the time the commitment was made to the Canadian people until the time it was executed in this house.

(Translation):

Mr. Côté (Longueuil): Mr. Chairman, it seems that some mentioned promises made during the last election campaign. I can tell you that if you study a little the Liberal party's platform, you will see that the present government did not promise to increase old age pensions as soon as it came into

office. It made no such pledge. Some members of the party may have made speeches to that effect but in the party's platform, the first plank was to put the country's economy on its feet.

Mr. Lambert: Order.

Mr. Côté (Longueuil): Why should I be called to order when members on the other side of the house said all they wanted.

In any case, Mr. Chairman, I just wanted to say that if some people made speeches to that effect, there is no mention of this measure in the Liberal party's platform and the Liberal party must not be blamed.

(Text):

Mr. Greene: Mr. Chairman—

Mr. Horner (Acadia): We will hear some gems of wisdom now.

Mr. Greene: Mr. Chairman—

An hon. Member: Louder for the record.

Mr. Greene: Mr. Chairman, in so far as the point of order is concerned—I can hear catcalls from across the way—

An hon. Member: That is your side that is giving them.

Mr. Greene: —but this is just what you expect from a barnyard, and that is what we generally hear. I would point out, Mr. Chairman, in so far as this point of order is concerned—

An hon. Member: Smart alec freshman.

Mr. Greene: Well, it is better to be a smart alec freshman than a tired old campaigner. One thing about a freshman is that he has some hope of doing something around here, whereas some of you have been here for years and have accomplished nothing.

Mr. Winkler: You have little hope now.

Mr. Greene: Mr. Chairman, in so far as the point of order is concerned, I would say that this resolution carries out implicitly the exact pledges that were made during the campaign, and as contained in the literature of the Liberal party, namely, to bring out a responsible scheme which will be paid out of or reimbursed from contributions by employees and employers and self-employed persons. This party, by bringing this resolution forward at this time, is simply carrying out this pledge and promise in accordance with the tenure of the promise. We know that in 1957 and 1958 the right hon. gentleman opposite—

Some hon. Members: Order.

Mr. Martineau: Mr. Chairman, I do not think we are now on the question of order.

The Chairman: Yes, I would kindly ask the hon. member—

Mr. Greene: Mr. Chairman—

Some hon. Members: Sit down.

The Chairman: If the hon. member will kindly resume his seat I wish to point out there is a point of order, a very serious point of order, before the committee at the moment, and if any hon. member wishes to express his comments and helpful views to the Chair in connection with it, I would be most happy and grateful to hear them; but I think his comments, recommendations and advice should be strictly limited to the point of order.

Mr. Greene: Thank you, Mr. Chairman. The resolution, as it is worded, does not indicate the spending of any public moneys. It indicates a self-liquidating fund, but the right hon. gentleman opposite proposes an amendment which would in effect result in the spending of public money.

Now, there was a time when the right hon. gentleman was in a position—

Some hon. Members: Order.

Mr. Greene: This is on the point of order, Mr. Chairman. There was a time when the right hon. gentleman was in a position to introduce resolutions or amendments which would have the effect of resulting in the spending of public money, but he is not now, nor will he ever again in the future be in that position.

This amendment is very clearly out of order. It is a callous attempt to play politics with the rights, welfare and well-being of our old people.

The Chairman: Order.

Mr. Martineau: Mr. Chairman, I want to raise a point of privilege with regard to the remarks of the hon. member because he is imputing motives to the Leader of the Opposition, and this is clearly not within the purview of parliamentary procedure.

The Chairman: It is quite true that an hon. member cannot impute motives to other hon. members, and perhaps the words uttered by the hon. member went beyond his thoughts.

Mr. Greene: If alluding to the fact that the right hon. gentleman opposite is playing politics is impugning his character, then his character must have been impugned many times in this house out of his own mouth. I merely say that the amendment is clearly out of order, as it involves the spending of public moneys, and I repeat that this is a cruel hoax on our old people with whom this side of the

house has the utmost sympathy and for whom this party, by introducing a responsible and self-liquidating measure, is trying to do something worth while, and at the same time serve the economy of the country in good stead.

The Chairman: Order. I do not think the hon. member is speaking to the point of order, and I would invite him to do so.

Mr. Greene: Mr. Chairman, may I say and may I repeat—

Some hon. Members: Sit down.

Mr. Greene: —that this is very clearly an attempt to bring in a money resolution.

Mr. Mandziuk: Mr. Chairman, on a point of privilege, the hon. gentleman apparently thinks he is in the other house where they cannot discuss money bills.

Mr. Chevrier: I should like to bring to your attention that the amendment, which reads as follows:

> —and this house asks that the government give consideration to making the payment of such additional pension to commence on this date—

—is out of order for the following reasons.

It is out of order first, because as has already been said on more than one occasion by some who have preceded me, it would require an additional expenditure and therefore would disturb the balance of ways and means. It is next out of order because, if such additional pension were to be paid and to commence on this date, it would clearly be in contravention of the normal rule in the house, with which surely hon. members on the opposite side are familiar, in that a private member cannot under any condition move an amendment which requires the expenditure of public funds. This is clearly set out in Beauschesne's fourth edition, page 214, citation 249 which reads:

> No cases can be found of any private member in the Canadian Commons receiving the authority of the crown, through a minister, to propose a motion involving the expenditure of public money. No principle is better understood than the constitutional obligation that rests upon the executive government, of alone initiating measures imposing charges upon the public exchequer.

One could go on to read the subsections of the citation, and I refer Your Honour to the third subsection, which I think has immediate application here, and which reads as follows:

> An amendment declaring that government action in any matter should be taken forthwith and giving a direct order which, if approved by the house, would compel the government to adopt measures involving an expenditure of public money, could not be moved by a private member.

It would seem, sir, that that is a complete answer to the amendment which has been moved on this occasion, and I do not need to go into the matter at great length because this is a rule which has always been respected in the house and does not require any further elaboration. For those reasons it seems to me that the amendment is clearly out of order.

(Translation):

Mr. Paul: Mr. Chairman, you have to decide whether the proposed amendment introduced by the Leader of the Opposition (Mr. Diefenbaker) is legal or not.

A while ago the Minister of Citizenship and Immigration (Mr. Favreau) mentioned two reasons that should enlighten you and, by way of consequence, result in the rejection of the motion introduced by the Leader of the Opposition.

First, he mentioned the constitutionality of the amendment, and when I asked him a question I did not get any answer, because that amendment has nothing to do with the constitution.

The proposed amendment may be related to the procedural rules of the house, and that is the only question which, in my opinion, should be considered at this time.

The Minister of Citizenship and Immigration, and especially the Minister of Justice (Mr. Chevrier), mentioned the illegality of the amendment and suggested that it would involve an expenditure of public funds. I respectfully submit that such is not the case because the object of the amendment introduced by the Leader of the Opposition is simply to invite the government to consider the opportunity to adopt subsequently a measure that would allow it to pay an additional amount of $10 a month. In my opinion, the adoption of this amendment would not require at once the expenditure of public funds, because, subsequently, it will be up to the government to introduce legislation in accordance with the amendment for the house to pass.

The simple fact of adopting the amendment does not mean to legalize it.

I am told that a measure requiring the expenditure of public funds can only be introduced by a minister of the crown. In order that that measure be enacted, the proposed resolution must be followed by legislation introduced by a minister of the crown.

The adoption of the amendment introduced by the Leader of the Opposition is, therefore, not out of order because it does not require an immediate expenditure. In fact, it is a matter of adopting an immediate principle which could subsequently involve the expenditure of funds, providing some legislation were introduced by a minister of the crown for that purpose.

(Text):

Mr. Douglas: Mr. Chairman, the Minister of Justice and other speakers on the government side have suggested that this amendment is out of order on the ground that it increases expenditures and that this is not within the competence of a private member of the house. I would suggest that we look at the last sentence of the resolution, which says that the expenditures under this plan shall be paid out of or reimbursed from contributions by employees, employers and self-empolyed persons. The minister herself indicated this afternoon that the $10 a month will be paid some time in advance of the actual collection of contributions. That means, therefore, that the money will be advanced and will be later reimbursed from the contributions. It may be that in the minister's mind there is a gap of only the period from January 1 to October 1; but there is nothing in this resolution that says that the one shall only be payable January 1 and the other on October 1. In other words, all it says here is that the $10 a month shall be either paid out of or reimbursed from contributions, and there is nothing in this resolution that sets a limit on how much this reimbursement shall be.

Moreover, the passage of this amendment would not be mandatory upon the government. This asks the government to give consideration to making the payment of such additional pension commence on this date. In other words, if this amendment were passed it would be a suggestion to the government that when they bring down the bill which will follow the passage of this resolution they should insert a clause in the bill, if they so choose, making the payment of the $10 a month effective upon the passage of the bill, or even retroactive to this date, of July 18. This is not mandatory; this is simply a suggestion to the government since the government itself has not placed any date in this resolution as to when the old age supplementary pension payment of $10 a month shall be paid out of or reimbursed from these contributions.

Mr. Drury: Mr. Chairman, on the point of order I would refer hon. members to page 216 of the fourth edition of Beauchesne, paragraph 4 of citation 250:

> The fundamental terms of a money resolution submitted to the house with the governor general's recommendation upon which a committee of the whole is set up cannot be amended. Amendments will only be in order if they fall within the terms of the resolution. The procedure in committee on those resolutions follows in principle the procedure of the committee of supply, and amendments are out of order if they are proposed with a view to substituting an alternative scheme to that proposed with the royal recommendation.

I would suggest that the fundamental basis of this pension plan is being changed from one of financial responsibility to one of financial irresponsibility by the amendment proposed. The Minister of National Health and Welfare has made it quite clear that this is a contributory scheme; that the $10 supplement being proposed will be refunded or made good out of contributions which can only start in the fall of 1964. If this $10 supplement is to be paid out of those contributions there must obviously be a starting date which is not so early or so far back as in effect to outrun the contemplated contributions.

It is the proposal of the government to institute the payment of the $10 supplement at a time which will match the contributions received. A scheme such as is proposed in this amendment would have the effect of unmatching the contributions and the payment and changing this contributory pension scheme from one of financial responsibility involving, in the long run, no subsidy or payment out of public funds, into one which is financially irresponsible and calls for the inevitable payment of money, in the long run, out of public funds. It therefore contravenes the citation I have mentioned, and I submit it is out of order.

Mr. Diefenbaker: Mr. Chairman, I do not wish to argue this point at any length but I just want to cover the points raised by the Minister of Justice and also the point just dealt with by the Minister of Defence Production. In the first place I say this does not disturb ways and means. I realize that no private member can require the expenditure of public moneys. I realize, too, that no direct order can be made to the government by a private member. Those were the three points raised by the Minister of Justice. None of these applies, because the wording of the amendment is, "this house asks that the government give consideration" to doing this. We are not disturbing ways and means; we are not providing for the expenditure of public moneys: that is always a matter for the crown. We are making no direct order.

The Minister of Defence Production quoted a citation to the effect that you could not substitute an alternative scheme. I am not asking that an alternative scheme be substituted. I am asking that the government give consideration to making the payment of such additional pension commence at this date. In other words, I ask the government, when it brings this legislation in, to give consideration to this particular matter, in no way

directing them, in no way interfering with ways and means and in no way giving a direct order.

Some hon. Members: Question.

(Translation):

Mr. Caron: Mr. Chairman, whatever preamble the Prime Minister has included in his amendment, one thing is clear: he has or he has not introduced an amendment.

If he wants us to pay immediately, well, whatever the preamble, it is indicated that we must pay immediately, and that cannot be done because the whole legislation was prepared with that end in view. If, on the other hand, his amendment with all his preambles indicates that it is only a suggestion, well there is no amendment and you must reject his motion.

(Text):

Mr. Byrne: Mr. Chairman, it is quite obvious that the right hon. Leader of the Opposition is either ignorant of the rules—

Some hon. Members: Oh, oh.

Mr. Monteith: Look who is speaking.

Mr. Byrne: —or he is attempting to mislead the house.

Mr. Pigeon: You expert.

Mr. Byrne: While it is true that a private member may introduce a resolution which may have the effect of advising the government to take into consideration the expenditure of certain moneys, the resolution we are discussing this evening is the preamble to a bill. We have often heard hon. members on the other side of the house say that what has appeared in a given resolution does not really appear in the bill; that the resolution does not go far enough and does not describe what we may expect in the ensuing bill. This is a resolution introduced by the government which has the effect of previewing the bill which will be presented to the house for consideration. If an amendment introduced by a private member to this resolution were to carry, then the government would unquestionably be, if not bound, certainly required to bring in a bill which would have the effect of producing a large expenditure not anticipated by the resolution.

Mr. Mandziuk: Rubbish.

Mr. Byrne: It may be true—I wish the hon. member for Marquette would contain himself for a few moments and listen to what I am saying.

Mr. Mandziuk: On a point of order, this was anticipated last April.

Mr. Byrne: Mr. Chairman, there cannot be a point of order on a point of order. If the hon. member would contain himself until I have finished my remarks, he can then take the floor. As I say, this would require the expenditure of money if it were introduced in a bill, and if the resolution this evening is carried would be required to be in the bill.

While it may be true, as suggested by the hon. member for Burnaby-Coquitlam, that there will be a period of time under the proposed bill when the $10 increase will be paid before we begin to collect payments, at the same time it is up to the ministry to determine the amount of expenditure which can be budgeted for in a given fiscal year. I am sure, Mr. Chairman, on reflection, that you will unquestionably rule this amendment out of order.

Mr. Mandziuk: Mr. Chairman, the gentleman who just preceded me asked me to contain myself, and then he went on as if he were on the hustings in April.

Some hon. Members: Order.

Mr. Mandziuk: That is what he did, and I should be permitted to do likewise. He did not consider—

The Chairman: Order. It seems to me—

Some hon. Members: Question.

The Chairman: There is no question yet because no ruling has been rendered by the Chair. It seems to me from what I have heard of the last two arguments that they are not proper arguments. If any hon. member wants to be helpful to the Chair he should try and put forward a substantial argument.

Mr. Chevrier: If I may be allowed, I should like to say one word, and I will be brief, in answer to what the Leader of the Opposition has said. I think the Leader of the Opposition has admitted that a private member cannot introduce a matter of this kind—

Mr. Diefenbaker: No, nothing of the kind.

Mr. Chevrier: Would the Leader of the Opposition allow me to complete my sentence.

Mr. Diefenbaker: No. That is false.

Mr. Chevrier: Now we have arrogance from the Leader of the Opposition. The Chair has allowed me to make an intervention, but the Leader of the Opposition will not allow me even to complete my sentence, and he is the one who complains bitterly about the treatment which he gets from this side of the house.

I should like to say now, Mr. Chairman, that the argument of the Leader of the Opposition boils down to this. If you were to take out of this amendment the words "give consideration to", then the amendment would

be out of order. But because of the fact that the words "give consideration to" are contained in this amendment, it is in order. Otherwise, if I understand his admission aright, the amendment is out of order. I rose simply to say that the rules are quite clear, as I indicated before, namely that you cannot do indirectly what normally you could do directly.

Mr. Moreau: Mr. Chairman, on the point of order, surely this resolution clearly calls for an expenditure of tax money from a bill. The legislation with regard to this has not yet been passed. I think the minister in her remarks this afternoon clearly indicated that the payment, although advanced from the date of collection, the increase of $10, would be made after the bill has passed the house. With regard to the point of the hon. member for Burnaby-Coquitlam that there was an advance, in other words that there would be some borrowings against some future contributions, surely that was very clearly explained by the minister and would be after the legislation had passed. If we accepted the amendment proposed by the Leader of the Opposition, we would be in the situation where, if we started making these payments and parliament at a later date refused to pass the resolution, we would be spending tax money.

The election material on which this amendment is supposedly based, Mr. Chairman, is clearly in our election promises. I have here the promises of the Liberal party in the general election, 1963, and they clearly indicate—

Some hon. Members: Order.

Mr. Moreau: —that we would not pay this increased $10 out of taxes.

Mr. Aiken: Mr. Chairman, there are only two questions surely for the Chair to decide. First, can any amendment be moved to this resolution? I think it is quite clear that amendments can be moved, and I refer particularly to May's sixteenth edition, page 772. Speaking on procedure on resolutions on a money bill he says:

> Procedure in these committees follows in principle the procedure of other committees of the whole house, but with special rules confining amendments within the scope of the resolution to which the Queen's recommendation has been signified.

Having decided, Mr. Chairman, that an amendment can be moved we must then ask whether the adoption of this amendment would in fact create a charge on the public funds, and to that the answer is clearly no.

(Translation):

Mr. Chapdelaine: Mr. Chairman, after having heard all that discussion on the legality or the illegality of this amendment, I think it must be recognized that there is much astuteness in this amendment since the Leader of the Opposition (Mr. Diefenbaker) is quibbling to achieve his political ends.

Could the Leader of the Opposition not introduce an amendment that would not commit the government to an expenditure of funds?

He is making a suggestion to the government through an amendment and indeed, it is quite usual that suggestions are made to a government through an amendment.

I think all hon. members are anxious to see the old age pension increased. But I do not think we should make a political football of it through an amendment which I think is illegal and not justified.

Suggestions are not made to a government through an amendment.

If the right hon. Leader of the Opposition wants the government to make an expenditure, let him say so and he will probably get general support. But if he wants to make a suggestion, let him make it but not by way of an amendment.

Mr. Drouin: Mr. Chairman, before the question is put, you must ask yourself whether or not this motion is in order. According to standing order 77, any public bill must be read twice in the house before it is referred to a committee or amended. We are now at the resolution stage which precedes the introduction of the bill. In other words, we have not yet come to second reading. If the motion were put to a vote and carried, the bill would be automatically amended. How could we allow that something should be done indirectly which is formally prohibited by standing orders?

Under the circumstances, I respectfully submit that the motion introduced by the Leader of the Opposition is absolutely out of order, that Your Honour must say so officially and reject the motion.

(Text):

The Chairman: Order. I am sure very few hon. members will envy the position in which the Chair finds itself at this point. I might say, to be honest, that I was prepared to render a ruling an hour ago after I had heard the original argument, but so many different facets of this important amendment have been submitted to me that I am wondering whether it will be at all wise to rule on the proposed amendment at this time. I feel it might be conducive to proper order in the committee if the Chair were allowed to ponder and study the many arguments which have been submitted this evening. Naturally, the debate could continue until we have an opportunity to consider the matter further. There are a number of speakers who wish to

address the committee on the resolution and in the meantime the Chair would have an opportunity to consider the arguments which have been raised and would then be in a much better position to render a decision which would be fair to the committee. That is the submission I should like to make to the committee at this time.

If that is agreeable I would ask the hon. member for Labelle to speak.

(Translation):

Mr. Girouard: Mr. Chairman, when I was interrupted, I was congratulating the leader of our party for having given a backbencher from Quebec the opportunity to express his views on the measure now under consideration.

Faithful to tradition, our leader has not taken advantage of a great opportunity to follow the example given us today by the party in power and the Leader of the Opposition and to put the matter of transferable pensions on—

(Text):

The Chairman: There is a great deal of conversation going on in the chamber which makes it difficult for the hon. member for Labelle to be heard. I ask the co-operation of hon. members in this respect.

Mr. Diefenbaker: I do not wish to interrupt the hon. member for Labelle, but a moment ago, Mr. Chairman, you stated you wished to withhold judgment in connection with the matter which has been placed before you. With respect, I suggest that if you intend to give your ruling you should give it now. Your Honour said you were ready to do so. The Secretary of State came in—and I am not going to say any more about that.

Some hon. Members: Shame.

Mr. Diefenbaker: I would simply point this out: this is the last occasion on which we have an opportunity of discussing this matter and placing our views before the house on this amendment before the meeting of the dominion-provincial conference.

Mr. Pickersgill: I rise on a point of order.

The Chairman: I believe the Leader of the Opposition is already speaking on the point of order.

Mr. Diefenbaker: I simply asked whether Your Honour intends to give a decision tonight. I do not know what the Secretary of State is exercising himself about.

Mr. Pickersgill: On a point of order.

The Chairman: Can we have some order in the chamber? I believe the Leader of the Opposition is speaking on a point of order. Perhaps he could be heard out and we could then hear from the Secretary of State, if he wishes to speak himself on the point of order.

[The Chairman.]

Mr. Diefenbaker: I am simply asking Your Honour if you did not feel, whatever the circumstances, that you could give your ruling now so that we may know the position of affairs. We would then be able to take whatever further steps might be necessary. I say this with the greatest of deference.

Mr. Pickersgill: Your Honour asked the committee for a courtesy which I have never known to be refused by any committee before in my experience, and I would be much surprised if there were ever an occasion on which it had not been extended. Your Honour then recognized the hon. member for Labelle, who had the floor. Next, Your Honour drew attention to the fact that there was a great deal of noise in the committee and that the hon. gentleman could not be heard, and you suggested that as a courtesy he should be heard. Whereupon, the right hon. gentleman, who had no right whatever to take the floor intervened.

An hon. Member: What right have you?

Mr. Pickersgill: Notwithstanding the fact that the hon. member for Labelle had the floor, the right hon. gentleman did not raise a point of order in the normal and proper fashion. He simply sought to interfere with the regular proceedings of the committee. I suggest that the hon. member for Labelle has the floor and that no hon. member has any right to interrupt him without his permission.

The Chairman: On the point which was raised by the Leader of the Opposition, the courtesy which I had requested was that I might be given an opportunity to study the record and consider the authority. What I had hoped, of course, was that I would be given the opportunity to do this after hours. That is what I was suggesting.

Mr. Nugent: On the point of order raised by the Leader of the Opposition, as one who might be taking part in this debate tonight may I point out it would be helpful to know if we were speaking to the amendment or to the resolution. It might make a considerable difference in what was said. If we were speaking to the amendment we would have an opportunity to speak later on the resolution. I should also like to know, when another hon. member is speaking, whether he is speaking to the amendment or to the resolution. I can understand the Chair wanting extra time to consider this question, but after listening to the contributions made by some hon. members on the original point of order I do not think they added anything to the arguments which had already been made. The point was a very simple one.

Some hon. Members: Order.

The Chairman: Order. I do not believe the hon. member is speaking, now, to the point made by the Leader of the Opposition. The position of the Chair is clear enough. Certainly, if the amendment were in order we would be discussing the amendment. That is the whole point. What I should like the committee to do is to allow the Chair to suspend its decision, and the discussion, which would continue, would be a discussion on the resolution. That is why I have recognized the hon. member for Labelle.

Mr. Nugent: Perhaps I could say this, Mr. Chairman—

Some hon. Members: Order.

The Chairman: Order. I think I have heard the hon. member out. If he would look at standing order 50 he would see that it states:

> Whenever Mr. Speaker is of opinion that a motion offered to the house is contrary to the rules and privileges of parliament, he shall apprise the house thereof immediately, before putting the question thereon—

In other words, the decision has to be rendered before putting the question; but with the co-operation of the house I submit there is no necessity to put the question immediately.

Mr. Nugent: With the co-operation of the house.

The Chairman: That is what I say.

Mr. Nugent: The question of privilege I raised was that when Your Honour asked hon. members if they would concede that you should have time to think it over some said no and some said yes.

The Chairman: That was not the way I interpreted the opinion of the house after I had made the submission. It seemed to me that there appeared to be consent and agreement with the proposition I was making to the chamber. The point was really completed when I asked the hon. member for Labelle to address the committee. He has already started to make his speech and I would ask him to continue.

(Translation):

Mr. Girouard: Mr. Chairman, I hope to be able to conclude my remarks this time. But this gives me an opportunity to emphasize once again that my leader, in asking me to speak in his place, refused an opportunity to make political capital to the detriment of our old people, as did the government party and the Conservatives.

On the other hand, I think that the Minister of Health and Welfare (Miss LaMarsh) placed herself in an unfavourable position by forgetting that she was in the house today and not on the hustings.

As for the Leader of the Opposition (Mr. Diefenbaker), he made it a point to refer to the forties.

As usual, we heard today the government party saying: we are introducing legislation that the former party did not want to submit. We heard the former government saying: What you are proposing now, we worked it out.

Mr. Chairman, since they want to quote historical facts and statistics, what about the Social Crediters who, in 1930, requested an increase of old age pensions and family allowances? And our opponents said then that it was a utopia and that our heads were in the clouds. But today the two old line parties want to take credit for those measures and suggest that they were achieved by them.

If we really want to do some good, I feel it is time, since all parties request that measure, that we forego politics and give our senior citizens the protection they need.

However, the Minister of National Health and Welfare has gone a little farther today. She told us: the opposition party has been working for two years to give you something, and it got nowhere. But, with my government, within three months I will submit a plan.

Mr. Chairman, I am now convinced that what is submitted to us at this time is the result of three months' work only. And I am truly afraid that what happened with regard to the budget will repeat itself with this measure.

It is not enough for the party in power to say to the Canadian electors: we are giving you a plan, three cheers for us. I believe that when our fellow citizens have studied the pension plan, they will not cheer so loudly.

The farmer will say: What about me? What will happen to me? Did I not contribute also to the growth of my country?

At the same time, the fishermen will say once again that he is the sucker, because he is not given anything under this plan.

And the small store owner will think: "And I, what is happening to me? There is no mention about me in this pension plan."

And what about the service station owners, and so on—

It might happen too that the rich stockholder in the stock exchange wonders why

he is not included in that pension plan? But in his case, I am less worried because representations will be made in due course and because this class of people will know perfectly how to adjust to the new plan introduced by the government.

To all the small people whom I mentioned, the Minister of Health and Welfare might just say: "Applaud, we have fulfilled an electoral promise."

In view of such pusillanimity, not to say cynicism, I wonder where we are going.

But once more, tonight, we of the Social Credit party, must congratulate the government because, despite all its blunders, at least, it is doing something, and is not content, like a certain other party which has been turned out of office, to waste two hours of the time of the house and keep us from attending to the nation's business.

That is why, Mr. Chairman, even if we think that the increase from $65 to $75 is still inadequate, and that the social security legislation is also inadequate, we must give the people a chance to try and make the best of what is offered by the government. Our elder citizens need government protection and, today, we are happy to see that a movement is taking shape throughout the country, because the hon. members who have visited their ridings lately have no doubt noticed that almost 75 per cent of our elder citizens now depend only on their old age pension to live on to the end of their days. So at this time, we must commend the government although we hoped they would go further in their projects.

When I suggest that the government should go further, I think that family allowances must soon be considered. And since reference is made to the federal-provincial conference, I think it is high time to think about the situation of our old people, who are in need, because it is painful to see 65-year old persons forced to sell their homes in order to qualify for old age assistance. I think the government should really bring legislation forward to deal with this matter as soon as possible.

I also wish to remind the government that it is high time something was done to help needy mothers, and also the blind and the disabled. It can count on our entire support for any measure of that kind.

Not only is the government increasing the old age pension, it also proposes introducing a portable pension plan. It is not easy of course to discuss, to criticize, to approve a bill, or even to make suggestions about it when we know nothing of its provisions. However, it may not be useless to point out, once more, that Social Credit has always stood for progress in that direction.

Since the minister has invited suggestions, when the time comes to debate the resolution, the government might even consider allowing people of 60 or more to benefit from this welfare measure.

I understand that, in certain industries that have a contributory pension plan, employees are entitled to their pensions as soon as they reach age 60. They can thus retire earlier, thereby making jobs available for young workers who are now unemployed. I know that many of our senior citizens would gladly retire at 60 if they could count on an adequate pension plan to provide for their needs from then on.

Mr. Chairman, there were several pension plans in private industry before this, but I believe that a uniform scheme throughout Canada would be of much greater interest. And why would it be so? Because first of all, it would enable a lowering of such insurance cost to a considerable degree and also give the individual the possibility of recovering his freedom, because we know that pension plans are a stumbling block for many people. I know, for instance, that many civil servants will say: "I might have a good job in private enterprise, but I cannot accept it, because, in five or ten years from now, I shall have my pension."

The same thing is said in private industry. In such a case, the worker is bound and cannot leave his job for a better paid one because he knows that he must remain where he is if he wants to benefit from his pension plan. We shall most certainly have suggestions to make about the provisions of this legislation when we are in possession of the bill.

We shall also have recommendations to make about the financing of the measure. The Social Credit party would undoubtedly have been able to suggest alternative means of financing which would have cost a lot less to the Canadian taxpayer. Finally, I hope to have an opportunity at that future time to answer the stock question of the Leader of the Opposition who just a few days ago again asked our leader "Where will you find that money?"

I hope, Mr. Chairman, to be in a position to take 20 minutes before long to explain in the clearest, simplest and most precise

terms where a Social Credit government would find the money to finance social legislation.

If we consider what we are offered today—the budget incident proved it—the only benefits that are offered our people today are given to them only after an extra third is to be paid by them in administration costs. The administration cost of the budget is today exactly the third of the budget amount. So, I believe that the occasion will be given to me to answer the Leader of the Opposition—and I shall not then prevent the other hon. members from listening to me carefully—because be it today, in five years or in ten years, I am sure that the house will ponder over that, as the capitalistic system we have today will, sooner or later, have to resort to a measure advocated by the Social Credit party if it wants to maintain individual enterprise and individual liberty.

What is surprising, Mr. Chairman, is that the two governments which succeeded one another in this house have in turn advocated measures which the Social Credit party has had for years while neither one nor the other dared—I say "dared"—launch the smallest experiment with the financial suggestions offered by my party.

Another feature of the contributory pension plan on which I must expand here is the one concerning its constitutional or unconstitutional character. I already see my hon. friends getting impatient and saying to themselves: Those Quebec demands again. It will come, Mr. Chairman, but not for the moment, because first of all, I wish to consider the matter as a federal member only, that is as a legislator of the country from sea to sea and then, I will be pleased to express the views of my province.

Some will say that any discussion at this stage is difficult because the Prime Minister has convened a federal-provincial conference on the matter. I do not quite agree, because I think this is the time to express our views to the Prime Minister if we want him to channel the discussion in that direction during the federal-provincial conference.

From the point of view of all provinces, the question that seems to arise is this: Why lose the opportunity of having at our disposal millions of dollars we urgently need for our own purposes? And that is, Mr. Chairman, the objection raised by Quebec. It could also come from Ontario, New Brunswick or any other province, because I am of the opinion that our provinces really need additional funds for their own undertakings today. One province might be able to do without them, because I notice that in Alberta they have found a government that did not wait for the contributory plan to balance its budget.

Well, Mr. Chairman, to mention but one of the Quebec demands, here is according to *Le Devoir*, what Mr. Gérin-Lajoie said:

> A universal pension fund would facilitate the establishment of a school credit board.
>
> A pension plan under provincial control would put into the hands of the provincial government a sum of at least $250 million per year. Such an amount would facilitate investment operations not only for the provincial government but also for the institutions that rely on financial help from the province for their investments, such as school boards, municipalities, classical colleges and universities.

That is an example from Quebec. It could have come from Ontario or somewhere else.

Mr. Chairman, that is only an example to show how useful it could be for the provinces to have the control of the funds that would accumulate under the present act in the years to come.

The government will be able to listen favourably to that statement of principle, which has nothing to do with the constitutionality of the project, although it is not yet sure the provinces will approve it. But it seems that if the provinces manage their contributory pension funds themselves, they could come to a difficult but possible agreement, since portable pensions may result in difficulties, because of salary differences and various operations in the provinces.

That is the reason why I do not think the province of Quebec should take a different stand from that of the other provinces. It has only to put forward its claims and it is possible that they will be listened to carefully.

But, Mr. Chairman, I think that at the present time, the Quebec problem has not only to do with the claiming of this source of income. The program raises mostly a constitutional problem. The question is very serious for the province at this time.

Has the federal government the authority to legislate in that field? Many will be tempted to say yes since, after all, Ottawa already has legislation concerning old age pensions and unemployment insurance and since the proposed scheme is nothing but an extension of that social and labour legislation.

However, outraged citizens of Quebec will say in reply to that statement made in good faith: "If, one day, I had the stupidity to give you my tie, it does not mean that you now have the right to take my shirt away from me".

That is somewhat the position of the province of Quebec and that is the point which should be discussed. The provincial government sorely regrets having given away its legislative and taxation powers in the past. In a fit of nostalgia, it promptly rebels against any further encroachment by the federal government.

But that makes the other provinces impatient; they can hardly understand how one province can oppose legislation which seems acceptable to all of them.

I would like to make it clear to all hon. members that the province of Quebec is not really responsible for this situation. Once, it was given certain rights like all other provinces, and the province of Quebec wants to keep these responsibilities which are clearly established in the British North America Act.

Municipalities come under the jurisdiction of the provinces. Consequently, the Municipal Loans and Development Act is ultra vires. The province of Quebec is against it and who, in this house, can blame it.

I think that the civil rights come under provincial jurisdiction. But, by its portable pension plan, the federal government wants to pass legislation in that connection and Quebec is against that. Which member here could blame our province? No one, Mr. Chairman. If there are any, they will say it is inconceivable that one province should stand in the way of a stronger confederation.

I agree that Canada should be strong and that to be strong it must remain united.

It seems unfair that the province of Quebec should prevent nine other provinces from enjoying the development taking place throughout Canada, as it also seems unfair that nine provinces could object to the just claims of a province that is an equal partner within this same confederation.

There is a solution, Mr. Chairman. It is imperative while there is still time, that Canada, the provinces, the hon. members of the house, recognize merely the fact that the province of Quebec is simply not a province like the others. The province of Quebec is not asking more than the others, but it only wishes to preserve the rights that were granted to it by the British North America Act. This is not a privilege, Mr. Chairman, it is a right.

During the last election campaign, there was great hope in the province of Quebec. Mention was made of equality, of biculturalism, of bilingualism, of all kinds of words starting with bi- and a few weeks after the opening of this parliament, we heard the President of the Privy Council (Mr. Lamontagne) state in high-sounding terms: "We shall be the fathers of a new confederation". Strange father of a strange confederation who, within two months, begot three children who are totally unacceptable to the province of Quebec.

Besides, it is a strange confederation, especially when the Prime Minister should have to decide, with his back to the wall, that the legislation will be considered at a federal-provincial conference. Those measures, so to speak, are the three children unacceptable to the province of Quebec. You know which ones I mean, but I shall name them: the plan to assist municipalities, the portable pensions scheme and the program of assistance to universities.

After that, people are surprised to see that the province of Quebec is so hard to please. During election campaigns, it is shamelessly misled; not only its rights are recognized, but some others are acknowledged that it does not even possess, for instance, the right to establish full bilingualism throughout the country. That is an achievement which every French Canadian, in his heart of hearts desires, but which is not based on any constitutional text. Instead of promising things to which Quebec has no right, let it rather get its due.

The President of the Privy Council (Mr. Lamontagne), the new father of a new confederation, spoke in Quebec of giving French Canadians additional rights. And, as soon as he takes over, he rushes into a field which is dear to French Canadians. True to his former attitude, he advocates centralization and just keeps silent or goes out when things get too hot.

The solution, Mr. Chairman, as I said and repeat today, is simply to recognize that Quebec is not a province like all others.

Quebec never refused to pay taxes to the federal government, even when they were as hateful as the one on building materials. The province of Quebec was never opposed to any federal legislation, whatever it might have been, whether in the educational or any other field. Yet, it always said: "Give us an equal amount when you invade a field under provincial jurisdiction."

It is as simple as that, Mr. Chairman, a little comprehension, a little understanding on the part of the other provinces, and everything will be all right.

Indeed, Mr. Chairman, I wonder why it is always the opposition which should stand up for Quebec's rights.

To my mind it would be easy for the 40 or 50 members from the province of Quebec, who are sitting on government benches, to make suggestions to the government, when such questions are raised.

Allow me now to quote an article of Jean Marc Leger which appeared in *Le Devoir* and which reads as follows:

And Our Members of Parliament

In the various Quebec-Ottawa disputes which stem in fact from a single conflict, what is going to be the position of our French Canadian members in the house? Their task will surely not be easy, but the moment of truth is nearing when they will have to choose between party and country. It is not sufficient to try lobbying, to have compromise solutions accepted, more often a graceful form of surrender. They will be judged by their stand, their speeches, their vote on important issues.

Mr. Chairman, I conclude these few comments by assuring the house that they have been made in the best possible spirit.

I truly hope that, during the federal-provincial conference, it will be possible to find a satisfactory means of respecting Quebec's demands without jeopardizing a piece of legislation which the other provinces wish with all their hearts.

Let us find a scheme under which one or two provinces could join the plan by means of an agreement while the others would have a similar program of their own and then all Canadians would benefit from legislation which, without being perfect, would none the less improve social conditions.

Then the Minister of National Health and Welfare will be able to say that she has given Canada an old age pension plan and our fellow citizens will be able to rejoice because, as I said, it will be a great improvement over the last five years. And this will be in the best interests of French Canadians.

(Text):

Mr. Knowles: Mr. Chairman, the resolution before the committee precedes a piece of legislation which is probably as important a proposal as any we have before the House of Commons at this session. Some of the things that I shall say will be critical of certain aspects of the proposal, and there are certain other negative things I may find it necessary to say, but at the outset I want to indicate that I feel we should recognize that in this proposed legislation we are moving into a new phase of social security in Canada, and it is a very important phase.

I believe there are many things in the proposed legislation that have been worked out very well. I not only listened to the speech made this afternoon by the minister but I have carefully read the paper that she tabled. I join with her in commending those in the public service who have done the job of putting this piece of legislation together.

I also want to say that in my view the legislation comes within the terms of our constitution. It is provided for quite clearly in section 94A of the British North America Act, which was put into our constitution in 1951. In saying that, however, I am not ignoring the very effective speech that has just been made by the hon. member for Labelle.

To comment at any length on what he said would be to digress from what I want to say about the legislation that is before us, but I do share the view he expressed that we have got to find a way to respect on the one hand the things that are near and dear to the hearts of the people of Quebec, and to respect on the other hand the things that are near and dear to the hearts of the people of the other nine provinces.

I agree with him that it would not be proper for one province to deny to the people of the other nine the benefits of federalism that they want. By the same token, those of the other nine must not deny to the people of that one special province of Quebec the rights that are near and dear to them.

I hope the day will come when, instead of our making many speeches of the after-dinner type about the unity we have in this country, we will get down to the problem and deal with it, and that we will even grapple with the necessity of rewriting our constitution to protect, in our time, the rights that are so precious to the two main groups in this country. We can do it and I hope the day we get to the job will come soon.

Nevertheless, so far as this piece of legislation is concerned I submit that it does come, as I have already said, within the provisions of section 94A of the British North America Act, and in my view there is no doubt about its constitutionality.

I have deliberately made these opening remarks of as positive a character as I could, because I wanted to speak in that vein for a bit before I said something else that I feel must be said. I regret as deeply as I possibly can that the Minister of National Health and Welfare chose to introduce in her speech on this important piece of legislation the terrible partisan note that she imported into that speech. If she and those on her side do not like what happened tonight when the Leader of the Opposition returned in kind, she has only herself to blame.

I suggest it is time that the ministers of this new government, like the Minister of

Finance and the Minister of National Health and Welfare, got over this bad taste they have shown by importing so much partisanship into the presentation of important items.

The Minister of Finance did it when he presented the budget. The Minister of National Health and Welfare did it this afternoon when she presented this piece of legislation, which is important not just to the Liberal party, not just to the various parties in the House of Commons, but important to all the people of Canada. I hope we will deal with it on that basis, and I hope during the course of my remarks to do something that has not been done for quite a while since this debate got started, and that is to say something about the proposals that have been placed before us.

There is one other comment that I must make. I regret very much that the Minister of National Health and Welfare saw fit to say several times this afternoon that the time when this legislation would come into effect, the time when the $10 increase to those who receive payments under the Old Age Security Act could start, the time when all the rest of it would become effective would depend upon how quickly parliament dealt with the legislation. Mr. Chairman, that borders close to something which would call for my using a word that is not parliamentary. We were told categorically by the Secretary of State, when he announced the business of the house the other night, that this day is all we are getting before the summer recess to debate this legislation. He made it crystal clear that it is not to be proceeded with any further; that all that is happening is that today the details of the legislation as presented by the minister are being exposed—that was quite a word—to the Canadian people.

This means that the plan is that we have this day's debate, then it is adjourned, and there it rests. At least, that is the plan thus far; but I am now going to make a very strong appeal to the Secretary of State that this plan be changed. It must be changed for two reasons. The first is that the Minister of National Health and Welfare, and the Prime Minister too, because he has said this sort of thing on motions or on orders of the day, cannot get away with this idea that this legislation is being delayed, that its effective dates are being delayed because parliament is not prepared to deal with it. We are prepared to deal with it. We are prepared to debate it tomorrow, and I say, as one who has to negotiate between this party and the government and between this party and the other parties, that I am prepared to ask my friends in this party to sit on Saturday and sit a week from Saturday and to give all the extra time that is necessary for this resolution to be debated and passed and for the bill to be brought in. If the government is not prepared to accept that offer, let not the Minister of National Health and Welfare, nor the Prime Minister, say that the delay is because of the difficulty of getting the matter through parliament. Parliament is ready to deal with this legislation and I am sure, when I say that, that I can speak for hon. members in all four parties in this house.

Some hon. Members: Hear, hear.

Mr. Knowles: We want it dealt with; we do not want it delayed. But, Mr. Chairman, there is now another reason why the business of the house must be changed, why this debate must not simply be adjourned tonight and then left over until the fall. This is because of the ruling that has been reserved by the chairman. I say quite frankly that I think the chairman had every right to ask the courtesy of the house for time to consider that ruling, and he was quite honest with us in saying that he wanted time after hours; in other words, he indicated that he would not give a ruling tonight. But do you see what that means, Mr. Chairman? It means we will not get a ruling on this amendment until October. What kind of a place is this, to suggest that an important issue such as whether or not the $10 a month should be applied immediately shall be delayed simply because of the difficulty of making a ruling?

As I say, the chairman had every right to make that request, but I think the obligation now rests upon the Secretary of State, as leader of the house, to arrange for further days in this part of the session to debate this legislation. In fact, I think it should be debated tomorrow; it should be debated on whatever days are necessary next week, so that the ruling can be given by the Chair. I recognize that it is a difficult question. The procedural point was so difficult that I did not even take part in the discussion on the point of order, and that is unusual in this house. I admit it is difficult; but what is more important than a difficulty of that kind is getting this question settled as to whether or not the house wants the government to consider bringing in this $10 increase right away.

If the Secretary of State, as the leader of the house, does not arrange for further debate on this issue we can only assume that the government simply does not want this matter really brought out in the open; all it wanted was a chance for the Minister of National Health and Welfare to make her statement, so that we might have on *Hansard* the material she gave in her speech and in her white paper; but it does not want to let

us see the bill; it does not want to really get moving at this time. Perhaps the government has a good reason.

Mr. Pickersgill: Mr. Chairman, I wonder whether the hon. gentleman would permit me to ask him a question. Has the hon. gentleman not read the letter which the Prime Minister addressed to the premiers of the provinces, and is not the hon. gentleman also aware of the fact that when this business was arranged I was perfectly frank with him and with the house; that the reason this matter was being called at this date was so the house would be informed of the details of the government's proposals, so the country would be informed of them and so they would be before the provincial premiers. Until that conference, which has been called, meets so that certain ancillary features which the government wishes to have in the legislation can be considered, it would really be, surely the hon. gentleman would admit, quite a grave discourtesy to the premiers and quite wrong to proceed.

Some hon. Members: Oh, oh.

Mr. Pickersgill: I am quite prepared to assure the hon. gentleman right now that I will ask my colleagues to consider the possibility of bringing this matter before the house again as soon as the provincial premiers have had their meeting.

Some hon. Members: Hear, hear.

Mr. Knowles: Mr. Chairman, I am always glad to accept questions from the Secretary of State. There must be something in our both being from Winnipeg, because his question was right in the middle of a sentence in which I was about to deal with this very point. I was about to say that the government may have good reason for delaying the legislation. But if it has, tell us what it is; do not let the Minister of National Health and Welfare rise and tell us that the reason there will be some delay is because of the time parliament takes. The Secretary of State asks me whether I recall the letter the Prime Minister sent to the premiers of the provinces. Of course I do; I read that letter very carefully. That letter was sent to the premiers of the provinces after the notice of this motion had appeared on the order paper. That letter indicated that the intention was to have this legislation proceed to the point of first reading of the bill so that the bill could be presented to the premiers when they met to discuss the whole matter.

It was said in the letter quite clearly that what was proposed for discussion with the premiers was other areas of social welfare. There was no suggestion that this legislation was to be submitted to the premiers for their approval, their veto or what have you. But I was concerned—I have been here a bit—and therefore on Wednesday, June 26, which I think was a day or two after the Prime Minister had tabled his letter to the premiers, I asked him this question:

> Mr. Speaker, may I direct a question to the Prime Minister. Does the invitation of the federal government to the provinces to join in discussions on pension matters contained in a letter to the provinces which the Prime Minister tabled and had placed on *Hansard* yesterday, imply that the introduction of legislation regarding a Canada pension plan is to be delayed until after these discussions have taken place?

The Prime Minister's reply was:

> No, Mr. Speaker, that is not an implication that need be drawn from the letter.

My question indicated my suspicion that the writing of that letter would result in this kind of delay, but the Prime Minister said there was no such implication to be drawn from the letter. Well, if the government has changed its mind, and I do not think it should have, I think—

Mr. Pickersgill: Mr. Chairman, I am sure the hon. gentleman does not want to misrepresent the situation, and neither do I. He referred to the first letter; I referred to the recent letter calling the conference. I think my remarks were quite plain. There is no question that when the Prime Minister gave the answer to the hon. gentleman, that was the intention of the government. But when the government decided last week to ask the premiers to meet before the end of July, it was indicated, it seems to me, quite clearly in this very house that this discussion with the premiers, which was not contemplated for July at the time of the earlier letter, would take place before any further stage of this legislation was proposed to the house. I repeat again to the hon. gentleman that I am prepared to ask my colleagues to give consideration to bringing this matter back before the house as soon as the conference with the premiers is over, if that is the wish of hon. members.

Mr. Knowles: Mr. Chairman, I hope that the Secretary of State will not only take up with his colleagues the question of bringing the legislation back to the house after the premiers have met, but that there will be at least one further day provided so that the chairman can rule on the amendment proposed tonight. To leave that amendment over for two weeks, let alone the possibility of leaving it over until fall, I submit is not only unfair to the house but is unfair to the people of the country.

I realize that the main subject before us is the introduction of a new scheme for provision of old age security and that we should not get

lost in the immediate matter of the $10 increase. But I think it is quite an accurate reflection of how the people of the country feel that the house has been in a bit of a turmoil tonight over this very question. My mail indicates that our older people across the country are assuming from the announcement about this legislation that their $65 cheques will go up to $75 almost any month now; yet we have been told today by the Minister of National Health and Welfare that the best that can be hoped for is that the $10 increase will take place some time early in 1964. I submit that that is not good enough in the light of all the promises made by the party now in power during the recent election campaign. While I admit that the performance tonight was a little lacking in decorum, and was perhaps not parliament at its best in terms of procedure, I suggest that it was a reflection of the strong feeling in the country that something should be done about this matter. It is not a case of how the chairman rules on the amendment or how the committee or the house might vote on the issue. We as private members put it to the government that they have to find a way to divide the question into its two parts and get this $10 increase through to our old age pensioners at the earliest possible date.

I said at the outset that this proposed legislation marks, in my view, the entry of this country into a new and extremely important phase of the whole question of old age security. I have down in my notes three one-word headings describing the history of old age pensions in Canada as I see it. I take a certain amount of personal interest in the fact that I think the effective history of old age security in Canada actually began on the day I was born. It just so happens that on June 18, 1908—most hon. members will remember a more recent June 18—the House of Commons gave second reading to and debated in committee the Government Annuities Act, which was the first piece of legislation providing anything in the way of old age security for the people of this country. That is an interesting debate to read. The proposal was for an annuity of a maximum of $50 a month. There were the usual arguments about the danger of this interfering with private business and the danger of its doing something about the initiative of the people, and so on. Concern was expressed about the cost. The minister piloting the bill tried to allay the fears of hon. members of that day by saying that it would cost the government only $50,000 a year. However, it got started. But what got started then was the recognition of the fact that something needed to be done by government to assist people in their old age. That phase—I call it recognition of the need—took a long while. It started in 1908, though there had been agitation even before that.

Some years later, in 1926, the Old Age Pensions Act was passed, which provided a pension of $20 a month payable at age 70 on a means test. Then as hon. members know, through a number of years efforts were made to get the pension increased, and finally it got up to $40 a month. But that phase, which lasted roughly from 1908 down to about 1950, was merely a phase in which we recognized that government had to do something about the needs of our older citizens.

Then in 1950 we moved into the second phase. That second phase I characterize with the word "universality". If there is one thing to be said about the report of the old age security committee of 1950 and the legislation which came out of the recommendations of that committee, it is the acceptance of the principle that in old age there should be something for everybody in the country, without any means test. As I say, it took us many years to reach that point; but we did reach it in 1950 or 1951, when the legislation was passed, becoming effective in 1952, and we established the fact that pensions for senior citizens should be on a universal basis, that everybody should have a pension when he reaches a certain age. That was a tremendous step forward from the earliest phase, which was merely recognition of the need.

We have now come to the point where we realize that a further phase must be moved into, and that is the phase where we provide adequacy. The reason I welcome the legislation now before us is because I think it is a step—a halting step but nevertheless a step—in the right direction toward putting old age pensions on a basis of adequacy, of providing sufficient for a decent retirement.

Some hon. Members: Hear, hear.

Mr. Knowles: My hon. friends across the way should not applaud too loudly, because all I am saying is that it is a good step. It does not provide adequacy; it only starts that direction and there is still a long way to go. If we are going to have a pensions scheme in Canada that provides adequate pensions for old age, there are a few things we have to face up to. First of all, I think we have to recognize the basic principle, the philosophy if you will, that older people who have finished their time of work are entitled not just to be kept alive by $20 a month, or $65 a month, or $75 a month, but to a standard of living equal to that which society is able to provide at the time of their retirement by those who are still working. I do not know

why we settled so long for the silly notion that it was good enough for old people just to keep them alive. People who have done their share of producing the nation's wealth or developing the nation's economy are entitled in their retirement years to a standard of living equal to that which they themselves have helped to build up. Let us not go for this argument which sometimes appears in the editorials of some of our newspapers which is directed against the extravagance of old age pensions and the political auctioneering which is going on, and all the rest of it. What these arguments fail to recognize is that it is a sound philosophical principle, a sound principle of human life that we are trying to accept, when we say that we must move into an era so far as old age pensions are concerned when we can provide an adequate living standard.

The next thing we must recognize if we are going to do anything toward providing an adequate coverage is that it cannot be done by reliance upon private pension plans. I could expand on this but perhaps I can do no better than to quote a few sentences from Dr. Robert Clark, who wrote a monumental work a few years ago on old age security in the United States and Canada.

In paragraph 1504 of his report he says this:

> The mere fact that so many hundreds of thousands of employees are now members of pension plans does not ensure that any given proportion of those who reach pensionable age will ever receive a pension.

In another paper the same Dr. Clark had this to say:

> From the general viewpoint of the public interest that as many as possible of the aged should have an adequate income, and not merely a subsistence income, employee pension plans have two disadvantages, apart from the limitations of coverage referred to earlier. Under the majority of pension plans in Canada, when an employee leaves his employer prior to retirement he does not get any benefit from his employer's pension plan unless he has been with the employer for 10 years or more. Employees who change jobs many times in the course of their lives may work for a succession of employers with good pension plans, yet reach retirement with only a meagre pension to supplement their Old Age Security. Likewise undesirable from the above-mentioned viewpoint is the fact that the vast majority of employees covered by pension plans, confronted when they leave their employer with the choice of cash or a deferred annuity, take cash. As a consequence of these factors, to an extent which it is impossible to determine, most employee pension plans restrict the mobility of labour. Although the point is readily exaggerated, most pension plans also give employers an incentive to discriminate in hiring personnel against persons over age 40. These disadvantages are likely to be more serious in non-contributory pension plans.

Yet despite the fact that authorities such as Dr. Clark have expressed such views as this—and Dr. Clark is not alone; we have a good many professors in this field in Canada who are speaking and writing most effectively on this subject—the Minister of National Health and Welfare in the paper she presented this afternoon says:

> The Canada pension plan is not intended to be comprehensive in any other sense—

The reference back is to the intention that it should cover everybody.

> It is not designed to provide all the retirement income which many Canadians wish to have. This is a matter of individual choice and, in the government's view, should properly be left to personal savings and to private pension plans—

Our whole point is that Dr. Clark is right. When you leave pension plans to private auspices they will not provide adequate coverage. We shall not move into the phase of adequacy if we leave this to private plans. We must enlarge tremendously the role of the public sector in the whole business. The Minister of National Health and Welfare was completely frank about it in her paper. In another place, where she talks about funding versus pay as you go, she says:

> The absence of large reserves means that there will not be large transfers of funds from the private sector to the public sector.

Our contention is that we shall not move into this phase of development unless we accept a much greater measure of government responsibility than is envisaged in this plan. In this connection, I suggest that the people of Canada, about the third day after they have read of today's statement by the minister, will wake up to its inadequacies. Figures have been thrown at us today about possible pensions—a man and his wife would get $175 a month, both, perhaps, if both were contributing. This is made up of $100 under the Canada pension plan and $75 under old age security provisions. But this would be possible only in the case of persons whose income was $4,000 or more.

The Deputy Chairman: Order. I apologize for interrupting the hon. member but the time allotted to him has expired.

Some hon. Members: Carry on.

The Deputy Chairman: Is it unanimously agreed that the hon. member may continue?

Some hon. Members: Agreed.

Mr. Knowles: I thank the committee for its courtesy. Let me point out what will happen under the terms of this plan as it develops. The minister has made it clear that registration will not begin until May, 1964. Payments into the plan will not begin until October, 1964. Then, the white paper makes it clear that the first year in which any benefits can be drawn from the plan will be 1966, and in 1966 a person whose income has been

$4,000 and who has been contributing can get a pension under the plan amounting to $10 a month if he retires in that year at the age of 70. If he retires in 1967 he can get $20 a month. It adds up to this: not until 1975 will it be possible under this plan for a person to get a pension of $100 plus the $75 under the Old Age Security Act.

The Minister of National Health and Welfare, after her little partisan and political introduction was over, said: let us not play politics with this whole question. Yet she has laid before us a plan which even under its present terms will not be fully effective for 12 years. During that time we shall have three, or possibly four federal elections—more, if we continue at the recent rate. Does the hon. lady suggest that we can get through all that period of time without having political arguments about this measure? I think it is nonsense to deprecate political discussion of this issue. What I think is wrong, though, is the kind of thing which happened today—the government giving the impression that it is going to pay $10 immediately, whereas it will not be paid until next year, and $175 in the near future when in actual fact that amount of money will not be available as a pension until 1975, and even then only to those whose income had been $4,000 a year.

All this underlines my point. I welcome the fact that we have made an initial, halting step in phase three. We have begun to develop a scheme whereby we could provide adequate pensions. The real goal, however, is years away and will remain many years away unless the government can get over this notion that, somehow, the greater part of our providing for old age must be left to private plans, insurance companies and so on.

I could hardly contain myself this afternoon, or tonight, when the Leader of the Opposition claimed that this plan would draw off all kinds of funds and take away the function of providing pensions from private plans, insurance companies and the like. That is precisely what it does not do. It provides a scheme under which people who are employees will pay 1 per cent of their wages into the plan. People are not used to pension plans costing so little and they know that for so little they will not get much in return.

In discussing the pay as you go plan versus a funding arrangement, the minister says the reason for the line which the government has followed is that it is not proposed that large reserves would be built up as a vehicle for federal debt management or investment. One could argue the respective merits of these two methods, and there are merits on both sides. There are strong arguments in favour of a pay as you go scheme, but I suggest this should be viewed in the light of our whole economic problem, and one of the main elements of our problem today is securing public control of the economy of the country so that the savings of the people can be used for the advantage of the whole country. The way the government's plan is worked out, with all its sophistry about leaving large areas to private plans and individual choice, means that large amounts of the people's savings will still be in private hands, in the hands of the insurance companies to be used for investment in ways in which they think fit rather than the people deciding through their government on how they should best be used. I suggest these two things must be dovetailed together; the whole question of providing adequate pensions and of the funds which are saved being used in ways which are good for society as a whole through public investment.

I say, readily, that I think this is a most significant date in our history—a milestone. We have come 55 years in this story. We are now moving into phase three, but I do not think that after all these years we need to take such a halting step. The minister says that other countries have this sort of thing. Of course they have; even Sweden which has done very well, took a few years to get where it is today.

Mr. Haidasz: Mr. Chairman, I think the hon. member has had sufficient time to conclude his speech.

Some hon. Members: Sit down.

Mr. Knowles: Is the hon. member denying unanimous consent to the first spokesman for this party to speak on this question?

Some hon. Members: Go on.

Mr. Pickersgill: I think there was unanimous consent.

An hon. Member: Certainly there was.

The Deputy Chairman: Order. There was unanimous consent for the hon. member for Winnipeg North Centre to have extra time.

Mr. Knowles: Thank you, Mr. Chairman. I shall take only a few more minutes.

An hon. Member: What happened to knucklehead over there?

Mr. Knowles: There is one thing that the minister said this afternoon with which I want to express wholehearted agreement and that is her drawing attention to the fact that there are other areas of need. She mentioned in particular widows with dependant children, disabled persons not yet 65 years of age and orphans. She was perfectly right in

pointing out that as circumstances now stand they cannot be dealt with under a federal plan for old age pensions, but I am glad that a conference is to be held with the premiers to discuss this sort of thing and I hope we will move with serious concern toward integrating our various welfare and pension plans to provide a decent life for our people.

I mentioned Dr. Robert Clark. There is Professor Clarence Barber of the University of Manitoba, there is Professor John Morgan of Toronto, there is Dr. Malcolm Taylor of the University of Alberta and there are others across the country who are experts in this field, not to mention the experts we have in our own public service, not to mention the tremendous interest in all of this by the people who work under the direction of the Canadian welfare council. I think we should get over this notion of just working on one piece of legislation today and another after the next election and thinking we have solved the problem. We have got to get together and integrate the whole program.

I welcome strongly the introduction of this legislation. I do not think I am overstating it when I characterize it, as I have tried to, as entering upon a new phase in old age security; but I hope we will soon step up our pace in this sort of thing, that we will really start to achieve adequacy in the old age field, that we will integrate it with the other aspects of social security and social welfare so that it will soon be really true that there is a good life for all our people.

Mr. Haidasz: Mr. Chairman, I welcome the opportunity to participate in this debate on the Canada pension plan. I am happy to hear that the spokesman for the New Democratic party and the spokesman for the Social Credit party are in favour of the plan. I regret, however, that again it is the Conservatives who are against this major piece of social legislation. History again is repeating itself.

This plan of social insurance, promised in our election campaign and delivered within the first 60 days of decision by the twenty sixth parliament of Canada by the courageous and enlightened leadership of the present Prime Minister, will increase the benefits to our senior citizens now and much more in the future as average wages and accumulated benefits increase. Members of this house will want, I am sure, to commend and thank the Minister of National Health and Welfare who has in so short a space of time worked and persevered with her advisers in the Department of National Health and Welfare to make this pension scheme possible. In the tradition of previous Liberal ministers of national health and welfare the present minister is making available to the senior citizens of this country the benefits of the philosophy and the reform policies of the Liberal party, which strives for the attainment of security and dignity for every Canadian citizen.

In our industrial society the age of 65 is often being accepted as the compulsory age for retirement. Yet we are a work-oriented society. Unfortunately a man in retirement often loses not only his self-esteem and social responsibility but above all his financial income. The solution to this problem is not to throw to our senior citizens a bribe of a few dollars in old age pension before each election. The solution in the economic aspect of retirement is an actuarially sound contributory pension system with benefits designed to provide a decent retirement living. The Canada pension scheme is thus designed to give our senior citizens in retirement a comfortable living.

As the minister stated this afternoon, a realistic minimum level of pensions is too difficult to achieve in a country like Canada merely by increasing the flat rate pension. Living costs vary between city and village and between different regions of the country. The purpose, therefore, of the Canada pension plan is to make available reasonable minimum levels of income for all Canadians at normal retirement ages, and within the plan there will be room for the possible continuation and extension of other private pension plans to provide benefits over these minimum levels.

The main feature of the plan, Mr. Chairman, will provide a flat increase in the present old age pension from $65 to $75 per month at the age of 70. The $10 raise will be paid out of the fund and it is estimated to be $116 million per year. The earnings related portion of the pension based on contributions, plus the flat rate pension, would both be available at any age between 65 and 70 depending upon the choice of the contributing pensioner. The rate of contribution during the ten year transition period will not exceed 2 per cent of the earnings on which contributions are made, as stated previously by the Minister of National Health and Welfare.

Furthermore, Mr. Chairman, contributions will be deductible from income tax as now exists for private pension plans. Self-employed people will be encouraged to join the plan. They will pay the full 2 per cent of the first $4,000 of their earned income. At existing wage levels the total monthly pension available to a single person at age 70, whose average monthly pensionable earnings were $333 per month, will be $175 per month,

which is comprised of a graduated contributory part of $100 plus the $75 per month flat rate pension.

An enviable feature of this Liberal plan is that at every level the Canadian pension will be higher than United States security payments. In comparison a United States citizen receives only $112 per month at the age of 70 based on monthly earned income of $333. I assure hon. members that the present plan will be entirely self-financing and therefore no burden at all will be placed on the national treasury. May I call it ten o'clock?

Progress reported.

BUSINESS OF THE HOUSE

Mr. Churchill: I should like to ask the house leader what the government proposes for tomorrow, and if he is able to tell us, for next Monday and Tuesday?

Mr. Pickersgill: Mr. Speaker, as I indicated yesterday, I believe, the government would like to take the committee stage and third reading of the customs tariff bill on the understanding that I think was arranged with hon. gentlemen opposite, that this was really largely a formality. Then, we will go into committee of ways and means to consider the income tax resolution. Should that be completed, we would go on to the excise tax resolution. I am sure that we would not go beyond those two before six o'clock.

I wonder, sir, if I might be permitted to clear up what I was told was a misunderstanding, perhaps not so much of the house but at the table, about the hours for the rest of the month? I think I perhaps expressed myself rather loosely last night. I believe I am correct in saying the understanding was that the hours would be the same as they have been this week, and that would apply also to private members hour being available for government business on every day except Thursday.

Mr. Monteith: That was my impression last evening.

Mr. Knowles: Mr. Speaker, I wonder if I might ask the Secretary of State formally, now that Your Honour is in the Chair, if he will consider providing at an early date another day's debate on the resolution we have been discussing, so that the chairman of the committee of the whole could have an opportunity to give his ruling on the proposed amendment?

Mr. Pickersgill: I should be glad to bring that suggestion to the attention of my colleagues. I am sure hon. gentlemen realize that I could not vary the business the government had agreed upon in this way without consultation. I do not believe that I could recommend that we interrupt the consideration of budget resolutions, except possibly for the tax bills, until they are completed. Of course, the sooner they are completed the happier the government will be.

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

HOUSE OF COMMONS

Friday, July 19, 1963

The house met at 11 a.m.

PRIVILEGE

MR. KNOWLES—OMISSION FROM "HANSARD" OF APPENDIX RESPECTING CANADA PENSION PLAN

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, I rise on a question of privilege. Yesterday afternoon when the Minister of National Health and Welfare was speaking in committee of the whole she asked permission to table what was referred to as a white paper on the Canada pension plan, and that it be printed as an appendix to *Hansard*. Mr. Deputy Speaker, who was in the chair at that time, said this at page 2346 of *Hansard:*

> The document to which the minister refers, of course, cannot be tabled now in committee. It can be circularized and left informally at the table, but official tabling for the purpose of insertion in *Hansard* could be done when the Speaker is in the chair.

Later, as reported at page 2350, Mr. Speaker, who I believe was the same Deputy Speaker, said:

> Has the Minister of National Health and Welfare leave to table the documents to which she referred in committee of the whole?
>
> Some hon. Members: Agreed.

I am sure we all believed that as a result the white paper referred to would appear as an appendix to yesterday's *Hansard*. Unfortunately it does not. I am sure the minister will agree that there was even more in the white paper than in her speech, and that it should be made an appendix to *Hansard*. I hope the house now agrees that it be made an appendix to *Hansard* for today.

Mr. Speaker: Is it agreed?

Some hon. Members: Agreed.

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

(Translation):

REFERENCE TO ARTICLE IN NEWSPAPER "LE DEVOIR"

On the orders of the day:

Mr. Gerard Girouard (Labelle): Mr. Speaker, I rise on a question of privilege. An editorial published in this morning's *Le Devoir* reads as follows:

> In the Commons, a spokesman for the Social Credit party stated bluntly that if Ottawa takes the lion's share of taxes, it is quite natural that the federal government should shoulder heavier responsibilities.

Mr. Speaker, to the knowledge of all members of our party, no one ever made such a statement in the house. Indeed, it would be in contradiction with our policy. I wanted to call that fact to the attention of the house and of the press.

(Text):

FINANCE

UNITED STATES TAX ON INTERNATIONAL CAPITAL TRANSACTIONS

On the orders of the day:

Right Hon. J. G. Diefenbaker (Leader of the Opposition): Mr. Speaker, in the absence of the Prime Minister would the Acting Prime Minister say what action, if any, the Canadian government has taken since the announcement yesterday of President Kennedy's new system of taxation on securities? Do the government realize today what it did not realize yesterday, that what is being done affects Canada to a tremendous degree, and beyond any other country?

Hon. Lionel Chevrier (Acting Prime Minister): Mr. Speaker, my understanding of a question is that it is to seek information and not to make statements such as the Leader of the Opposition has made on a matter which is of tremendous importance to the economy of this country. Now, to deal with the question which the Leader of the Opposition asked me, all I can say at the present time is that the minister of external affairs has had a discussion with the ambassador for the United States. Since the minister is not in the house, as he and the Prime Minister are both at the airport at the moment, I am not able to give to the house the result of those conversations.

Mr. Diefenbaker: Mr. Speaker, in response to the gratuitous remarks of the minister may I say this. Yesterday, as reported at page 2331 of *Hansard*—

Some hon. Members: Order.

Mr. Diefenbaker: —I asked the Prime Minister this question:

> Is it not a fact that Canada is the one nation that will be directly affected to a greater extent than any other?

The answer to that question was no, with qualifications. Now today it is shown that Canada is the nation most affected. I now ask the Acting Prime Minister, who I think gave a most off-hand answer to a matter which affects Canada as this does, has consideration been given, or is consideration being given, to Canada taking the initiative and proposing a conference on investment and finance attended by the 22 countries affected, four of which are commonwealth countries? Canada more than any other nation is going—

Some hon. Members: Order.

Mr. Diefenbaker: I am asking—

Some hon. Members: Order.

Mr. Speaker: Order. The Leader of the Opposition I think is coming to his question now.

Mr. Diefenbaker: Mr. Speaker, I was diverted from it as a result of the answer I received. I am asking the minister whether he does not think parliament should be given more information than he or anyone has yet given. Particularly I ask whether consideration is being given to such initiative being exercised.

Mr. Chevrier: Mr. Speaker, the prime minister—

Some hon. Members: Oh, oh.

Mr. Chevrier: — the Leader of the Opposition, who evidently thinks he is still prime minister because of the manner in which he poses his questions, makes speeches when he knows full well that he has no right to do so having risen to say it is in response to the reply received from me. Then he went on in the manner in which he has, and I think he should be treated in the same way as any other member of this house.

In so far as the question is concerned, I shall see that it is brought to the attention of those under whose responsibility it comes, and he will get his reply in due course.

Mr. Diefenbaker: Petulance is no substitute for information.

Mr. Chevrier: We got an example last night of what the Leader of the Opposition can do.

Mr. Diefenbaker: Peevishness and petulance are no substitute for information, Mr. Speaker.

Mr. Chevrier: Neither is arrogance on your part.

(Translation):

Mr. L. J. Pigeon (Joliette-L'Assomption-Montcalm): Mr. Speaker, I should like to direct a question to the Acting Prime Minister. Following the announcement made by President Kennedy which will affect the Canadian economy, does the government intend to open negotiations for the installation of a direct telephone line between the Prime Minister's office and the White House so that there may be more frequent consultations?

(Text):

Mr. Speaker: Order. I hope hon. members are not going to begin a practice of asking supplementaries which are in effect new questions. It would lead to all sorts of confusion.

Mr. Gilles Gregoire (Lapointe): I wish to direct a question to the Minister of Finance. Is the Canadian government taking any steps to provide Canadian capital to replace United States investment which will be coming here in decreased amounts in the next few years?

Hon. Walter L. Gordon (Minister of Finance): This question has been under study for several months now, and it is still under study.

Mr. T. C. Douglas (Burnaby-Coquitlam): I wish to ask the Minister of Finance whether he anticipates that the tax on foreign securities suggested by President Kennedy will have an adverse effect on Canada's exchange position. If so, what steps does the government intend to take to safeguard Canada's exchange position?

Mr. Gordon: As I said yesterday, I think it is too early yet to speculate or guess what may be the full implications of this proposal of the President. I am not in a position to answer the hon. member's question directly, but I can assure him that this matter is being carefully watched—I was about to say hour by hour, but perhaps I should say it is being watched almost continuously.

Mr. Diefenbaker: I should like to ask the affable Secretary of State for External Affairs what representations have been made to the government of the United States. Have there been any discussions following the astounding announcement made yesterday by the president?

Hon. Paul Martin (Secretary of State for External Affairs): Mr. Speaker, may I say to the affable Leader of the Opposition, about whose position in this house, as he knows, I never really had any doubt, that I did see the United States ambassador last night. As the prime minister knows, it is not the custom nor would it be desirable—

Some hon. Members: Oh, oh.

Mr. Martin (Essex East): —and I am sure the Leader of the Opposition knows too—that it would not be appropriate to reveal discussions between the ambassador of another country and the government. The Leader of the Opposition may assume that this matter

which obviously deserves attention was carefully and usefully explored between the ambassador and myself on behalf of the government.

[*Later:*]

Hon. Leon Balcer (Three Rivers): Mr. Speaker, I should like to direct a question to the Prime Minister. In view of the fact that in the first half of 1963 new Canadian securities floated in the United States amounted to $590 million, representing 67 per cent of all new foreign securities purchased by Americans during that period, would the Prime Minister agree that Canada is going to be more affected than any other nation by the new tax imposed by President Kennedy?

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, the effect of this move on Canada is now being considered, and it would be idle to speculate as to the extent to which it affects Canada in comparison with the other 21 countries.

Mr. Eldon M. Woolliams (Bow River): I should like to address a question to the Minister of Finance. Due to the fact that yesterday the Prime Minister left the impression that a messenger came from the United States treasury department to discuss with the government the implementation of the new United States tax, can the minister give us the name of that messenger?

Mr. Gordon: Mr. Trued.

[*Later:*]

Mr. G. L. Chatterton (Esquimalt-Saanich): Mr. Speaker, I have a question for the Minister of Finance. In view of the reported statement by the premier of British Columbia that the new United States tax would not affect the Columbia river development, has the minister been able to establish whether the new tax, if approved by congress, would apply to United States investment in the Canadian downstream benefits?

Mr. Gordon: I am very sorry, Mr. Speaker, but I have not seen the statement by the premier of British Columbia.

Mr. Chatterton: A supplementary question, Mr. Speaker. Would the minister be good enough to have his officers look into the question as to whether this tax would apply to United States investment in the Canadian downstream benefits?

Mr. Gordon: I would be glad to do this, Mr. Speaker, but I think hon. members will appreciate that all that has happened so far is that the president has made certain proposals. These proposals are not even going to be considered by congress for some weeks, until some time in August and—

An hon. Member: He may have to withdraw them.

Mr. Gordon: As the hon. gentleman has just said, he may have to withdraw them or make some changes in them, as sometimes happens.

Hon. George C. Nowlan (Digby-Annapolis-Kings): Mr. Speaker, I would like to ask the Minister of Finance whether the tax proposals of the United States President to congress become operative as from the time of his statement, as they do here in the House of Commons, or does he have to wait until congress actually passes the legislation before they become effective?

Mr. Gordon: As I am sure my hon. friend knows, Mr. Speaker, they become operative when they are passed by congress.

[*Later:*]

Mr. Douglas: Might I ask a question of the Minister of Finance. A few moments ago he said that the legislation proposed by President Kennedy may not pass congress for some time. That is true, but is it not equally true that the tax will be due and payable, in the event that the legislation passes, as of today, July 19?

Mr. Gordon: Mr. Speaker, that was in the proposal of the President but I assume it can be changed by congress. If congress passes the legislation in the form requested by the president, then it will be effective as from July 19.

INQUIRY AS TO DATE OF APPOINTMENT OF SPECIAL ASSISTANT

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, is the Minister of Finance yet in a position to answer my question of Wednesday as to how it was that Mr. Conway started to work for him the day before the hon. gentleman became Minister of Finance?

Hon. Walter L. Gordon (Minister of Finance): Mr. Speaker, I was going to answer this question. I have not read the material before me but I will do so as I answer the question.

Mr. Nowlan: That is dangerous.

Mr. Gordon: I had this prepared by treasury board. The hon. member for Winnipeg North Centre asked how it was that Mr. Conway was appointed or commenced work on April 21, the day before the government itself was sworn in.

Under the financial arrangements made with Mr. Conway he was entitled to a living

allowance for each day he was absent from his normal place of residence, and a professional fee for each day he was engaged in his duties with the Department of Finance. In addition, he was entitled to receive transportation expenses.

The pertinent regulations provide that entitlement to a per diem living allowance commences when a person leaves his normal place of residence en route to the new location where he will be performing his duties. Mr. Conway left his normal place of residence, which was Boston, by air at 7 p.m. on Sunday, April 21, in order to start work in Ottawa on Monday, April 22. Mr. Conway was entitled to, and received, for April 21 reimbursement of his transportation expenses, which commenced with his journey from Boston on April 21, and reimbursement for one half day's living allowance for April 21. He had to spend the night here. His professional fee did not commence until April 22.

Because Mr. Conway was entitled to, and received, reimbursement for travelling and living expenses incurred on April 21, that date was given as his commencement date. I would just add that perhaps it would have been more correct to have inserted April 22 rather than April 21, in reply to question No. 877, asked by the hon. gentleman, but that was the point. I was not prepared to say definitely with regard to that because I had not had the chance to review the question.

Mr. Knowles: On a question of privilege, may I point out that the treasury board minute, the validity of which I question, under which Mr. Conway was appointed was not passed until May 2. That raises some question about Mr. Conway and the others working with the Minister of Finance before that date. I think a very serious question now arises as to how Mr. Conway knew before the present minister became Minister of Finance, which was on April 22, that he was to be required as an assistant to the minister and thus made the decision to leave Boston the day before.

Mr. Gordon: All I can say is that perhaps on Sunday, the 21st, I had some premonition that I might become Minister of Finance on the following day.

Mr. Knowles: Had the Minister of Finance authority to provide payment to an assistant who was an outsider covering the day before the present Minister of Finance was made minister?

Mr. Pickersgill: On a point of order, Mr. Speaker, I wonder if that question is not more proper for the Auditor General than for orders of the day?

[Mr. Gordon.]

Mr. Horner (Acadia): Something should be looked into here.

Mr. Speaker: I suggest to hon. members that perhaps we have pursued this subject far enough at this time.

Some hon Members: No.

Mr. Speaker: I think the proper place would be on the discussion of the various resolutions, but certainly on the question period it seems to me we have had a full enough discussion.

Mr. Douglas: Mr. Speaker, on the point of order surely this is not a matter for the Auditor General; it is a matter for the house if the treasury board, which at that time had not met, is faced with having the responsibility of paying someone who was hired by the minister prior to his taking office.

Mr. Gordon: I think we have had a fair amount of discussion about Mr. Conway and the other three gentlemen I got to assist me, but I wonder whether I might say this about Mr. Conway's position. Mr. Conway is a student at Harvard. I asked him to come up here to do a job.

An hon. Member: What a job.

Mr. Pickersgill: Let him finish.

Mr. Gordon: If his appointment had not been approved in the proper way by treasury board then either Mr. Conway or I would have been responsible for travelling expenses incurred. I really do not think any member of this house would expect a Harvard student to pay his own way up from Boston. He is not in a position to do so. He came here to work for this government and he did work for this government. He is still working for it indirectly, through the tax commission. I do not think we should get into too much of a discussion as to the propriety of treasury board paying this man's travelling expenses from Boston.

Mr. Gregoire: I should like to ask the Minister of Finance how come he hires students to help prepare the budget.

Mr. Gordon: Because in my opinion young men and women are usually pretty bright.

Mr. Valade: Does the Prime Minister intend to have this student run in the next election in place of the present Minister of Finance?

UNITED NATIONS

SOUTH AFRICA—CANADIAN REACTION TO PROPOSED EMBARGO

On the orders of the day:

Hon. Marcel Lambert (Edmonton West): I should like to direct a question to the Secretary of State for External Affairs. I wonder

if the minister is in a position to advise the house as to the government's reaction and proposed policy in regard to a recommendation by a committee of the United Nations that an embargo should be imposed against South Africa.

Hon. Paul Martin (Secretary of State for External Affairs): This question is under consideration. As the hon. gentleman perhaps knows, the security council will be meeting some time next week, I believe, when certain aspects of this question will be discussed. The Canadian government is following this subject with careful attention. Its policy will be announced at the appropriate moment.

POWER

COLUMBIA RIVER—CIRCULATION OF ARTICLE IN VANCOUVER "PROVINCE"

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 deputy minister of northern affairs and national resources and several officials of the water resources branch have been circulating an article on the Columbia river power plan written by Mr. Paddy Sherman, a journalist for the Vancouver *Province*, as an objective and accurate report in all important respects to persons seeking information from that branch about the Columbia river treaty, will the minister inform the house if the circulation of Mr. Sherman's article has been authorized by the minister? If so, will the minister assure the house that the government considers Mr. Sherman's report objective and accurate in all important aspects?

Hon. Paul Martin (Secretary of State for External Affairs): Mr. Speaker, the government, of course, is not responsible for the circulation of newspapers from or to any part of the country, including the excellent newspaper in Vancouver for which my hon. friend apparently does not have the same regard that I have. I can only say that Mr. Sherman's article is, in its essentials, an accurate account of the situation.

PASSAMAQUODDY—INQUIRY AS TO PRELIMINARY DISCUSSIONS

On the orders of the day:

Right Hon. J. G. Diefenbaker (Leader of the Opposition): Some days ago I asked the Prime Minister whether the Passamaquoddy project was discussed at the Hyannis Port conference, and also whether there had been any discussion between the governments of Canada and the United States prior to the announcement made by Mr. Udall.

Right Hon. L. B. Pearson (Prime Minister): I think I told the right hon. gentleman I would look into this matter. I regret I have not done so, but my recollection is that what I told the Leader of the Opposition is correct, namely that there was no discussion. I am sorry I have not confirmed that impression, and I will do so at once.

GRAIN

WHEAT—INQUIRY AS TO INITIAL PRICE

On the orders of the day:

Mr. J. H. Horner (Acadia): Mr. Speaker, I should like to direct a question to the Minister of Trade and Commerce. It stems from the report issued by the Canadian Press that the wheat board has announced that payments on the new crop after August 1 will perhaps be deferred and cash storage tickets will be issued because the initial payment has not been announced by the government. Is the minister now in a position to announce the initial payment for the coming crop year?

Hon. Mitchell Sharp (Minister of Trade and Commerce): Mr. Speaker, as I said in the house the other day, initial payments will be announced within the next few days. I would remind my hon. friend that last year initial payments were announced by his government on August 6.

Mr. Horner (Acadia): July 6.

Mr. Sharp: August 6.

Mr. Horner (Acadia): July.

(Translation):

DIVORCE

PROCEDURE TO BE FOLLOWED TO DEAL WITH PETITIONS

On the orders of the day:

Mr. L. J. Pigeon (Joliette-L'Assomption-Montcalm): Mr. Speaker, may I direct a question to the Secretary of State? With reference to the question I put to the Minister of Justice (Mr. Chevrier), I wonder whether the Secretary of State intends to consult the government of the provinces of Quebec and Newfoundland, as well as the religious authorities of those provinces, before introducing legislation with a view to preventing divorce bills from being submitted to the house, or is he contemplating another course of action?

(Text):

Hon. J. W. Pickersgill (Secretary of State): Mr. Speaker, the government has no thought or intention of presenting any legislation

whatever on this subject, therefore the question does not arise. The question of what should be done with these private bills is a matter for both houses of parliament. The members of the government have no more responsibility in that matter than any other member of parliament.

EXTERNAL AFFAIRS

INQUIRY AS TO DISCUSSIONS RESPECTING 12 MILE FISHING ZONE

On the orders of the day:

Hon. J. A. MacLean (Queens): I should like to ask the Secretary of State for External Affairs if he has any statement to give to the house on the preliminary talks which are reported to have taken place between Canada and the United States and some other countries with regard to the historic fishing rights which those countries claim in the waters adjacent to Canada's coasts?

Hon. Paul Martin (Secretary of State for External Affairs): There have not been any such talks as yet. It is possible that talks on the 12 mile limit and on the negotiations with regard to historic rights may take place some time toward the end of August.

Mr. MacLean (Queens): The press reports to the effect that preliminary talks have already taken place are not correct?

Mr. Martin (Essex East): I cannot add anything to what I have already said.

Mr. D. V. Pugh (Okanagan Boundary): May I ask a supplementary question. Are nationals from other countries still fishing within the 12 mile limit of Canada's coasts, according to historic rights?

Mr. Martin (Essex East): Perhaps my hon. friend will allow me to take that question as notice, and I will give an answer later.

INDIA—CANADIAN PARTICIPATION IN AIR PROTECTION

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, may I direct a question to the Secretary of State for External Affairs. Could the minister tell us whether the United Kingdom and the United States have asked Canada to join in air exercises or air protection for India; can the minister say whether a decision has been made and, if so, when the decision was made?

Hon. Paul Martin (Secretary of State for External Affairs): Mr. Speaker, I thank my hon. friend for giving me notice of his intention to ask this question. There have been discussions on this subject between the governments of the United States and the United Kingdom. There have been a number of reports from abroad which were highly inaccurate, particularly in their references to the possible role of Canada in relation to this matter. It has in fact been well known for more than six months that for a number of reasons, including the lack of appropriate equipment, Canada would not be making its contribution to India's defence needs in the way suggested by these reports from abroad.

This decision was taken by the former government in January of this year, and it was reaffirmed by Canada to the United Kingdom in the month of June. As I indicated on July 16, our contribution has taken other forms which we have reason to believe were most welcome to the government of India. I can assure the house that the military, political and economic considerations were exhaustively studied by the Canadian government before it reached the decision and before there was confirmation of that decision. The Canadian government is fully aware of its commonwealth responsibilities and has kept in close touch with the government of India and other governments concerned with that country's defence needs; and we will continue to do so.

OLD AGE SECURITY

INQUIRY AS TO CHAIRMAN'S RULING ON PROPOSED AMENDMENT

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. In view of the very definite announcement that was made on the C.B.C. news at eight o'clock this morning that Deputy Speaker Lamoureux would today give his ruling on the proposed amendment regarding the $10 increase in old age security payments, will the Secretary of State say whether house business for today is being arranged so that the C.B.C.'s information will turn out to be correct?

Hon. J. W. Pickersgill (Secretary of State): I heard the news report to which the hon. gentleman referred, and I wondered whether perhaps it did not suggest that at times it would be useful to have someone to advise on parliamentary procedure even in places other than parliament.

DECISION TO POSTPONE PAYMENT OF INCREASE

On the orders of the day:

Mr. George Muir (Lisgar): Mr. Speaker, I wish to address a question to the Minister of Finance. Would the minister tell us whether the government's decision to repudiate its

commitment to increase immediately old age pension by $10 a month was made before or after the budget fiasco?

Hon. Walter L. Gordon (Minister of Finance): The government has not repudiated any commitment, Mr. Speaker.

AGRICULTURE

ALBERTA—APPLICATIONS FOR WORK UNDER P.F.A.

On the orders of the day:

Mr. C. S. Smallwood (Battle River-Camrose): On July 16, Mr. Speaker, I directed a question to the Minister of Agriculture, and asked him if he had issued an order that anyone wishing P.F.A. work in Alberta must apply to the office in Regina. He informed me he would let me know the next day. On Wednesday he was not in the house, and I received no reply yesterday. Being a very patient man, I wondered if I could expect a reply today.

Hon. Harry W. Hays (Minister of Agriculture): In reply to the hon. member I would inform him that I have had a reply here for a couple of days, but each time I stood up he was momentarily out of the house.

The policy regarding applications for work with P.F.A.A. in each of the three prairie provinces is that these are to be directed to the director, P.F.A.A., who supervises the administration of the program and whose office is located in Regina. Instructions to the director of P.F.A.A. to follow this procedure were sent to him by officials in Ottawa. I might say that this was done on my direction, and I have impressed upon the department that all these appointments must be made on merit because we also have a responsibility to the taxpayers.

Mr. Smallwood: I rise on a point of privilege, Mr. Speaker. The Minister of Agriculture said I was not in the house momentarily. He was not in the house all day on Wednesday, and I have been here all the time.

Mr. Speaker: Order. I think the hon. member has received his answer.

MILK—INQUIRY AS TO PROGRAM FOR SCHOOL CHILDREN

On the orders of the day:

Mr. S. J. Korchinski (Mackenzie): Mr. Speaker, I have a question for the Minister of Agriculture. Is he in a position to advise what progress is being made in the milk program for school children, and whether this program will be in effect for the coming school year?

Hon. Harry W. Hays (Minister of Agriculture): We are working on this program, Mr. Speaker, and we expect to make an announcement fairly soon.

FORT ST. JOHN, B.C.—REPORTED REQUEST FOR ASSISTANCE

On the orders of the day:

Mr. Bert Leboe (Cariboo): Mr. Speaker, I would like to address a question to the Minister of Agriculture. I believe Mr. Frank Ward of the farmers' union of British Columbia has written him concerning the crop situation in the Fort St. John area and asked that it be declared a disaster area. Has the minister anything to tell the house at this time in that connection?

Hon. Harry W. Hays (Minister of Agriculture): Mr. Speaker, I have been in touch again with the minister of agriculture for British Columbia, and he is watching the area. Anything in this regard will have to be initiated by him. He is aware of this, and we are in consultation with him.

ADVERTISING

REPORTED STATEMENT AS TO PROPOSED FEDERAL EXPENDITURES

On the orders of the day:

Mr. David Orlikow (Winnipeg North): Mr. Speaker, I wish to address a question to the Prime Minister. Is Mr. Keith Davey an employee of the government of Canada and, if so, in what department? I ask this because in this morning's *Globe and Mail* Mr. Davey is reported—

Some hon. Members: Order.

Mr. Orlikow: —to the effect that government expenditures on advertising—

Mr. Speaker: Order. Would the hon. member please come to the question? Preliminary statements should be short and to the point.

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, the answer to the first part of the question is no.

Mr. Orlikow: Then a supplementary question, Mr. Speaker. How could Mr. Davey announce what government expenditures on advertising are to be, if he is not an employee of the government, as reported in the *Globe and Mail?*

Mr. D. M. Fisher (Port Arthur): A supplementary question, Mr. Speaker. I would like to put it to the Prime Minister that we desire an answer to the question relating to the statement of Mr. Davey setting out the advertising expenditures of the government.

Mr. Pearson: Perhaps he has read the estimates.

Mr. Fisher: Could the Prime Minister explain how the firms are listed in the estimates? It is a mystery to me, and perhaps the Prime Minister could tell me.

Mr. T. C. Douglas (Burnaby-Coquitlam): Mr. Speaker, may I direct a question to the Prime Minister. Is the announcement by Mr. Davey regarding the various advertising allocations by different departments and the firms who are to receive the very large sums of money an accurate report? If so, who authorized Mr. Davey to make it?

Mr. Pearson: I have not seen the report, Mr. Speaker, so I cannot comment on its accuracy, but I will be glad to look into it.

Hon. Michael Starr (Ontario): Mr. Speaker, I would like to ask the Prime Minister if, when he has looked at the report of the statement issued by Mr. Keith Davey, he would advise the house whose decision it was, the government's or Mr. Davey's, to raise the advertising limit from $7 million to $12½ million.

[*Later:*]

Mr. Fisher: Mr. Speaker, I should like to ask the Minister of Trade and Commerce a question in his capacity as the minister responsible for the Canadian government travel bureau. I would like to ask the minister whether he approved the switches in the large advertising accounts put out by the Canadian government travel bureau to McLaren's and Colliers, as announced by the national director of the Liberal party?

Hon. Mitchell Sharp (Minister of Trade and Commerce): Mr. Speaker, I approved the appointment of the advertising agencies in the areas for which I have responsibility, including the travel bureau.

Mr. Fisher: A supplementary question, Mr. Speaker. Could the minister indicate whether he forwarded the information about his approval to Mr. Davey and thus led to this unusual announcement?

Mr. Sharp: Mr. Speaker, I do not know whether this is unusual or not. I think these things are fairly well known. I did not personally forward this information to Mr. Davey. However, it is the sort of information that must be pretty well known by now, since I have changed the advertising agencies responsible for the work in my department.

Mr. Gilles Gregoire (Lapointe): I have a supplementary question, Mr. Speaker. I would like to ask the Minister of Trade and Commerce whether he changed the advertising agency because the former one was not a good agency.

Mr. Speaker: The hon. member for Burnaby-Richmond.

Mr. Gregoire: Mr. Speaker, I think there must have been some reason for changing the advertising agency.

Some hon. Members: Oh, oh.

Mr. Sharp: I think the advertising agencies that I appointed will do the work very satisfactorily indeed.

Mr. Gregoire: That is not the question I asked the minister.

Some hon. Members: Oh, oh.

Mr. Gregoire: The question was, were there any reasons for the change?

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, perhaps I can answer that question by saying that the reasons were the same as those which inspired the government in 1957 and 1958.

Mr. Gregoire: Mr. Speaker—

Mr. Speaker: Order. I am sorry; we are entering upon a debate, and I think we have gone far enough.

Mr. Gregoire: Mr. Speaker, on a point of order—

Mr. Speaker: The hon. member for Burnaby-Richmond.

Mr. Gregoire: On a point of order—

Mr. Speaker: Order. I am sorry, but the rules of the house apply to the hon. member also.

Mr. Gregoire: On a point of order, Mr. Speaker, I did not make any debate about it; I just asked a question, and because of the answer of the Prime Minister I think we are entitled to more explanation than we have had. The fact that the previous government did that is no reason for doing it any more. I would like to ask the Prime Minister whether this is what is called good patronage.

Mr. Speaker: The hon. member for Burnaby-Coquitlam.

Mr. Douglas: A supplementary question, Mr. Speaker. Could I ask the Prime Minister whether any of the advertising companies which have now been selected are those companies which handled the Liberal party's election campaign.

Mr. Pearson: Mr. Speaker, I am not well informed on those questions.

Some hon. Members: Oh, oh.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, I should like to direct a question to the Secretary of State. Is it the intention of the government to propose an amendment to the Canada Elections Act requiring that political parties show the sources of their contributions, including those from advertising firms?

Hon. J. W. Pickersgill (Secretary of State): Mr. Speaker, I have never been more grateful to have a question than I am to the hon. member for Winnipeg North Centre who, it seems to me, at times almost reads my mind; because I have been seeking—

An hon. Member: It won't take long.

Some hon. Members: Oh, oh.

Mr. Pickersgill: As a matter of fact, if something is clear it never takes long to understand it. The reason I am grateful to the hon. gentleman is that I have been seeking, through consultations with hon. gentlemen opposite, to get agreement to having a motion made to refer the report of the Chief electoral officer to the committee on privileges and elections, without debate, so we could get that committee set up at once to consider these proposed amendments to the elections act. If it would be agreeable to the house we could perhaps revert to motions and I would make that motion now; it could be adopted at once, and then the hon. gentleman's curiosity could be satisfied.

Some hon. Members: Hear, hear.

Mr. Knowles: Mr. Speaker, we do not need to revert to motions. The notice of the motion is already on the order paper; it is a government order. When we reach government orders today the minister could call it, and I can say that we are prepared that the motion pass without being debated. May I ask the minister if he will now answer my question as to whether, when these matters go before that committee, there will be a recommendation by the government that the contributions of advertising firms to political parties should be reported.

Mr. Pickersgill: Mr. Speaker, I would not seek to anticipate at this time any of the recommendations that might be made by the government in regard to a bill to come before this house, because I am sure the hon. gentleman would be able to find in some corner of the commentaries on the rules some exception that could be taken to that.

[*Later:*]

Mr. Gregoire: Mr. Speaker, I should like to direct a question to the Minister of Trade and Commerce and ask him whether there are some French Canadian advertising agencies among the new agencies of his department?

Mr. Sharp: Mr. Speaker, I should like to have some notice of this question. I am not certain as to how the advertising agencies which have been appointed are handling their business. It is my understanding that there are some sub-agencies involved, but I am sure that there would be provision in the agencies for handling the business in the French language in an adequate manner.

Mr. Douglas: Will Mr. Davey make an announcement regarding this?

(Translation):

Mr. Marcel Lessard (Lake St. John): Mr. Speaker, I should like to direct a supplementary question to the Minister of Trade and Commerce. Are government publicity contracts awarded after tenders have been called?

DOMINION-PROVINCIAL CONFERENCE

ATTENDANCE OF MEMBERS OF OPPOSITION PARTIES

On the orders of the day:

Mr. Gilles Gregoire (Lapointe): Mr. Speaker, I should like to put a question to the Prime Minister. Could he tell us whether he has approached the provincial premiers on the subject of admitting members of opposition parties, as observers, to the federal-provincial conference which has been convened for July 26 and 27 next?

(Text):

Right Hon. L. B. Pearson (Prime Minister): No, Mr. Speaker, I have not taken any such steps.

TRADE

WHEAT—REPORTED SALE OF REDUCED QUANTITIES TO RED CHINA

On the orders of the day:

Mr. J. H. Horner (Acadia): Mr. Speaker, I would like to direct a question to the Minister of Trade and Commerce. Can the minister confirm the report in today's *Globe and Mail* that Canada is finalizing a sale half the size of the original wheat sale to China, which was something like 74 million bushels of wheat, over the next two years?

Hon. Mitchell Sharp (Minister of Trade and Commerce): No, Mr. Speaker, I cannot confirm that.

Mr. Horner (Acadia): Mr. Speaker, I have a supplementary question. I did not quite get the minister's answer, but I think I understand it now. Can he assure the house that every effort will be made, in view of the

prospective crop in western Canada, to make this sale at least half the size of the original sale?

Mr. Sharp: Mr. Speaker, in all these negotiations there are two sides that have to be satisfied. I could not possibly give any assurance like that. I can, of course, give an assurance that the Canadian wheat board, which has the responsibility in these matters, will make as large a wheat sale to China and our other customers as is possible. I am sure the hon. gentleman will agree that the wheat board is doing its best on behalf of the western producers of wheat.

Mr. Horner (Acadia): I realize the wheat board is doing its best to sell Canadian wheat, but is the government prepared to facilitate the wheat board by providing the necessary credit to make these sales as large as possible?

Mr. Sharp: The answer to that question is yes.

(Translation):

NATIONAL DEFENCE

INQUIRY AS TO COURSES AT COLLEGE MILITAIRE ST. JEAN

On the orders of the day:

Mr. L. J. Pigeon (Joliette-L'Assomption-Montcalm): Mr. Speaker, I should like to direct to the Associate Minister of National Defence a question which follows from a conversation I have had with him. Does the government intend to provide for a complete course at the Royal Military College of St. John such as the one now given at Kingston?

Hon. Lucien Cardin (Associate Minister of National Defence): Mr. Speaker, that question has been under consideration for some time within the department. My hon. friend is aware that, in the course given in Kingston, students specialize in the field of engineering. On the other hand, an inquiry is now being made to determine whether a course other than that of engineering could not be given at the Royal Military College of St. John.

(Text):

ATLANTIC DEVELOPMENT BOARD

REQUEST BY ATLANTIC PROVINCES FOR CLARIFICATION OF LEGISLATION

On the orders of the day:

Mr. R. Gordon L. Fairweather (Royal): Mr. Speaker, I have a question for the Secretary of State. Will he undertake to better define the scope of the Atlantic development board immediately, as requested by the four Atlantic premiers at their meeting in Fredericton this week?

Hon. J. W. Pickersgill (Secretary of State): Mr. Speaker, I wonder if I could ask the hon. gentleman to repeat his question. I was listening as attentively as I could but I did not hear it all.

Mr. Fairweather: I am sorry I did not make myself clear. Will the minister undertake to better define the scope of the Atlantic development board, as requested by the premiers of the four Atlantic provinces, who met this week in Fredericton?

Mr. Pickersgill: Mr. Speaker, the premiers made no such request to me. The premier of New Brunswick telephoned me, as I already told the house, and asked to have a meeting, which has been arranged for next Thursday at five o'clock. The purpose of the meeting is to discuss the methods by which all governments concerned can co-operate in carrying out these aims, and the premiers are naturally anxious to know what is in mind. In order to make the conference more successful I have asked my hon. friend the Minister of Defence Production who, as is understood by the house, will be in charge of the department of industry, and therefore, of the area development agency, to be present at the meeting.

(Translation):

WORLD FAIR

REPORTED RESIGNATION OF CHAIRMAN OF CORPORATION

On the orders of the day:

Mr. Georges Valade (St. Mary): I should like to direct a question to the Prime Minister, Mr. Speaker. Has he been informed, officially or otherwise, by the chairman of the world fair corporation of his intention to resign?

(Text):

Mr. Speaker: Order.

Mr. Valade: On a point of privilege, Mr. Speaker, the Prime Minister was rising to answer the question when he was interrupted by Your Honour, and I think you should give him time to reply.

Right Hon. L. B. Pearson (Prime Minister): All I was going to say, Mr. Speaker, is that this is not a question that could be answered on orders of the day in any event.

Mr. Speaker: I was about to add that I think that question had been asked yesterday.

(Translation):

LABOUR CONDITIONS

REPORTED INCREASE IN NUMBER OF UNEMPLOYED

On the orders of the day:

Mr. Marcel Lessard (Lake St. John): Mr. Speaker, my question is directed to the Minister of Labour.

Considering that the number of unemployed increased last month, could the minister give us the special reasons for that increase in unemployment or tell us it is the result of the budget announced on June 13 last?

(Text):

Hon. A. J. MacEachen (Minister of Labour): Mr. Speaker, the joint press release was made public yesterday, and the factors occasioning the changes in employment and unemployment were fully set out in that document.

ARTS, LETTERS AND SCIENCES

INQUIRY AS TO APPOINTMENT OF ROYAL COMMISSION

On the orders of the day:

Mr. R. W. Prittie (Burnaby-Richmond): Mr. Speaker, I wonder whether the Prime Minister is now in a position to tell the house on what date he will announce the appointment of the royal commission on biculturalism.

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, I had hoped to do it today but I was not in the house when motions were called. I will certainly do it on Monday on motions.

AIRPORTS

BOUNDARY BAY, B.C.—REPORTED DISPOSAL OF HANGAR

On the orders of the day:

Mr. R. W. Prittie (Burnaby-Richmond): Mr. Speaker, I wonder whether the Minister of Defence Production is in a position to answer my question of July 15 with regard to allegations concerning the sale of an airport hangar at Boundary Bay, B.C.

Hon. C. M. Drury (Minister of Defence Production): Mr. Speaker, at Boundary Bay, British Columbia, a synthetic trainer was constructed in 1941 at a cost of $150,000. This was used continuously for some time, but this type of training facility has since become obsolete. In October last year the building in which it was housed was severely damaged by a thunderstorm, as a consequence of which it was decided that the building, a frame structure, was of no further use. It was stripped and the shell offered for sale by tender on the understanding that not only would the building be sold but that it would be removed from the site.

A number of bids were received from some 80 invitations to tender which were sent out, the most satisfactory of which was an offer from a general contractor of a sum in excess of the amount mentioned by the hon. gentleman. This sale was made. The sale terms included the acquisition of the frame structure, its removal, and the restoration of the site, when the removal had been completed, to its original condition. The next best offer was an undertaking to remove the building at a cost of $5,000 to Crown Assets Disposal Corporation. This second best bid was not accepted.

HIGHWAYS

RIGHTS OF WAY FOR TRUNK HIGHWAYS THROUGH NATIONAL PARKS

On the orders of the day:

Hon. J. P. Deschatelets (Minister of Public Works): Mr. Speaker, last Wednesday the hon. member for Cariboo asked a question concerning rights of way for trunk highways through national parks. This is a matter which might be appropriate as a subject of discussion with the provinces when we meet with them next fall. It is, of course, a matter I would consider in co-operation with my colleague the Minister of Northern Affairs and National Resources.

CUSTOMS TARIFF

Hon. Walter L. Gordon (Minister of Finance) moved that the house go into committee to consider Bill No. C-87, to amend the Customs Tariff.

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

On clause 1—*Schedule A amended.*

Mr. Gregoire: Just one word. I do not intend to start any debate; just one word.

In this resolution—

Some hon. Members: Just one word.

Mr. Gregoire: One word; one minute. There are provisions here affecting advertising agencies, photographic material, cameras and so on. I would just like to say we protest against the changes which have been made affecting advertising agencies because they constitute what we call patronage.

Clause agreed to.

Clauses two and three agreed to.

Schedules A and B agreed to.

Title agreed to.

Bill reported, read the third time and passed.

WAYS AND MEANS

The house in committee of ways and means, Mr. Lamoureux in the chair.

Mr. Pickersgill: I wonder whether in view of the fact that the committee has before it a resolution on the Income Tax Act of which

notice was given on June 13, and that on July 8 the Minister of Finance gave notice of a resolution modifying it in some particulars, there might be an agreement in the committee to substitute consideration of the notice which was given on July 8 for that given on June 13 without further formality. If this could be done by consent of the committee it would avoid a lot of technical difficulty and expedite the work of the committee.

The Chairman: Is that agreeable?

Some hon. Members: Agreed.

Mr. Churchill: Without restricting debate?

Mr. Pickersgill: I think it was clearly understood that this would still permit any debate which would be possible on the other resolution. That is the understanding of the government, and we shall not seek to be technical about it.

INCOME TAX ACT

Resolved,—That it is expedient to introduce a measure to amend the Income Tax Act and to provide among other things:

1. That with respect to new depreciable property of a prescribed class acquired in the period of 24 months commencing June 14, 1963 capital cost allowances be computed on a straight line basis at a prescribed rate not exceeding 50 per cent per annum if the property has been acquired by a taxpayer in a taxation year for a manufacturing or processing business in Canada and the taxpayer is

(a) an individual who was resident in Canada for a period of not less than 183 days in the year, or

(b) a corporation that in the year had a degree of Canadian ownership and control;

and for the purposes of this paragraph,

(c) a corporation has a degree of Canadian ownership and control in a year if the corporation throughout the 60 day period immediately preceding the year (or if the corporation did not have a preceding year, throughout the 60 day period commencing on the first day of the year) complied with the following conditions:

(i) the corporation was resident in Canada,

(ii) either

(A) not less than 25 per cent of its voting shares were beneficially owned by one or more individuals resident in Canada, one or more corporations controlled in Canada or a combination thereof,

or

(B) the voting shares of the corporation were listed on a recognized stock exchange in Canada and it is established, in prescribed manner, that no one non-resident shareholder owned beneficially, together with any other person associated with him at any time in the period, more than 75 per cent of the voting shares of the corporation, and

(iii) where the year commences after December 31, 1964, the number of directors of the corporation who were resident in Canada was not less than 25 per cent of the total number of directors of the corporation;

or complied with the conditions specified in clauses (i) and (iii) and was a wholly-owned subsidiary of a corporation that throughout the 60 day period complied with the conditions specified in clauses (i), (ii) and (iii); and

[Mr. Pickersgill.]

(d) a corporation is controlled in Canada at a particular time if at that time it complies with the following conditions:

(i) the corporation is resident in Canada, and

(ii) not less than 51 per cent of its voting shares are beneficially owned by one or more individuals resident in Canada, one or more corporations controlled in Canada or a combination thereof.

2. That a taxpayer whose business in a prescribed area of Canada has been certified to be a new manufacturing or processing business that commenced commercial operations in the period of 24 months commencing with the date on which any enactment based on this paragraph is assented to be exempt from tax on the income from that business for a period of 36 months from the date certified to be the date of commencement of operations, and that the rate of capital cost allowances for new depreciable property of a prescribed class acquired by the said taxpayer in the said 24 months period for such business be computed on a straight line basis at a prescribed rate not exceeding 50 per cent per annum.

3. That with effect for 1964 and subsequent taxation years section 40A of the act, which provides for a deduction from the tax otherwise payable by a manufacturing and processing corporation, be repealed.

4. That with respect to expenses incurred after June 13, 1963 a corporation whose principal business is operating a pipe line for the transmission of oil or natural gas be allowed to deduct in computing income the drilling and exploration expenses, including all general geological and geophysical expenses, incurred by it on or in respect of exploring for petroleum or natural gas in Canada and the prospecting, exploration and development expenses incurred by it in searching for minerals in Canada.

5. That for the 1963 and subsequent taxation years a dividend received by a person resident in Canada from a corporation that throughout its taxation year in which the dividend is paid or credited

(a) is taxable as a non-resident corporation carrying on business in Canada,

(b) derives substantially all of its income from sources in Canada, and

(c) has its shares listed on a recognized stock exchange in Canada be deemed to be a dividend from sources in Canada paid or credited by a taxable corporation within the meaning of section 38 of the act.

6. That the 15 per cent rate of tax payable by a non-resident person on dividends paid or credited to him by a person resident in Canada be reduced to 10 per cent with respect to dividends paid or credited after June 13, 1963 by a corporation that in its taxation year in which the dividend is paid or credited has a degree of Canadian ownership or control within the meaning or paragraph 1.

7. That the 15 per cent rate of tax payable by a non-resident person on dividends paid or credited to him by a person resident in Canada be increased to 20 per cent with respect to dividends paid or credited after December 31, 1964 by a corporation that in its taxation year in which the dividend is paid or credited does not have a degree of Canadian ownership or control within the meaning of paragraph 1.

8. That where a corporation resident in Canada that in any year before 1967 was not a corporation that had a degree of Canadian ownership and control, within the meaning of paragraph 1, becomes a corporation that in 1967 has such a

degree of Canadian ownership and control, a non-resident person shall be entitled to a refund equal to

(a) 5 per cent of any dividends paid or credited by the corporation to him after June 13, 1963 and before January 1, 1965, in respect of which he has paid a tax of 15 per cent to Canada, and

(b) 10 per cent of any dividends paid or credited by the corporation to him after December 31, 1964 and before January 1, 1967, in respect of which he has paid a tax of 20 per cent to Canada.

9. That where a corporation (other than a non-resident-owned investment corporation) paid or credited dividends during the period commencing on June 14, 1963 and ending on December 31, 1964 in taxation years in which it did not have a degree of Canadian ownership and control within the meaning of paragraph 1, the amount of which dividends exceeds five fourths of the amount of dividends paid or credited by the corporation during that number of days immediately preceding June 14, 1963 that is equal to the number of days in the period commencing on June 14, 1963 and ending on December 31, 1964 that were included in taxation years in which the corporation did not have such a degree of Canadian ownership and control, the corporation shall, on or before January 31, 1965, pay a special tax equal to 5 per cent of the amount of the excess.

10. That with respect to income earned after December 31, 1964 the 15 per cent tax imposed by part IIIA of the act on a non-resident corporation carrying on business in Canada be 20 per cent.

11. That with respect to income of a non-resident-owned investment corporation earned after December 31, 1964 the present 15 per cent rate of tax be 20 per cent.

12. That any amount paid or credited after June 13, 1963, by a person resident in Canada to a non-resident person, as or on account of a management or administration fee or charge, be subject to the 15 per cent tax on income from Canada of non-resident persons.

13. That with respect to interest paid by a person resident in Canada to a non-resident person on any obligation issued after June 13, 1963, if the non-resident person

(a) is exempt from income tax in the country in which that person is resident; and

(b) has obtained a certificate of exemption from the minister,

the non-resident person be exempt from the 15 per cent rate of tax imposed in respect of such payment.

14. That for the taxation years ending after November, 1965 a corporation shall during the 12 months period ending 4 months after the close of each taxation year, pay to the Receiver General of Canada

(a) on or before the last day of each of the first 10 months in that period, an amount equal to one twelfth of the tax as estimated by it at the rate for the taxation year

(i) on its estimated taxable income for the year, or

(ii) on its taxable income for the immediately preceding year,

(b) on or before the last day of the eleventh month in the period, an amount equal to one half of the remainder of the tax payable as estimated by it on its taxable income for the year at the rate for the year, and

(c) on or before the last day of the period, the remainder of the tax

and that for the taxation years ending after November, 1963 and before December, 1964 a corporation shall, during the 11 month period ending 5 months after the close of its taxation year, pay to the Receiver General of Canada

(d) on or before the last day of each of the first 9 months in that period, an amount equal to one twelfth of the tax as estimated by it at the rate for the taxation year

(i) on its estimated taxable income for the year, or

(ii) on its taxable income for the immediately preceding year,

(e) on or before the last day of the tenth month in the period an amount equal to one half of the remainder of the tax payable as estimated by it on its taxable income for the year at the rate for the year, and

(f) on or before the last day of the period, the remainder of the tax, and that for taxation years ending after November, 1964 and before December, 1965 a corporation shall, during the 11 months period ending 4 months after the close of its taxation year, pay to the Receiver General of Canada

(g) on or before the last day of each of the first 9 months in that period an amount equal to one eleventh of the tax as estimated by it as the rate for the taxation year

(i) on its estimated taxable income for the year, or

(ii) on its taxable income for the immediately preceding year,

(h) on or before the last day of the tenth month in the period, an amount equal to one half of the remainder of the tax payable as estimated by it on its taxable income for the year at the rate for the year, and

(i) on or before the last day of the period, the remainder of the tax.

15. That the return of income for a taxation year that is to be filed with the minister in prescribed form and containing prescribed information by or on behalf of a corporation be filed

(a) for taxation years ending after November, 1963 and before December, 1964 within 5 months from the end of the year, and

(b) for taxation years ending after November, 1964 within 4 months from the end of the year.

16. That with respect to amounts received after June 13, 1963, where a taxpayer has received an amount in a taxation year,

(a) as consideration for the sale or other disposition of any shares of a corporation or of any interest in such shares,

(b) in consequence of a corporation having

(i) redeemed or acquired any of its shares or reduced its capital stock or

(ii) converted any of its shares into shares of another class or into an obligation of the corporation, or

(c) otherwise, as a payment that would, but for this provision, be exempt income,

which amount, in the opinion of the minister, was received by the taxpayer as part of a transaction or series of transactions whenever effected or to be effected, one of the purposes of which was or is to effect a substantial reduction of, or disappearance of, the assets of a corporation in such a manner that the whole or any part of any tax that might otherwise have been or become payable under the act in consequence of any distribution of income of a corporation has been or will be avoided, the amount so received by the taxpayer or such part thereof as may be specified by the minister shall, if the minister so directs,

(d) be included in computing the income of the taxpayer for that taxation year, and

(e) in the case of a taxpayer who is an individual, be deemed to have been received by him as a dividend from a taxable corporation within the meaning of section 38 of the act.

Income Tax Act

17. That for the 1964 and subsequent taxation years where, in the case of two or more corporations, the minister is satisfied

(a) that the separate existence of those corporations is not solely for the purpose of carrying out the business of those corporations in the most effective manner, and

(b) that one of the main reasons for such separate existence is to reduce the amount of taxes that would otherwise be payable under the act the two or more corporations shall, if the minister so directs, be deemed to be associated with each other.

18. That upon any appeal to the Exchequer Court of Canada from an assessment in such case the court may confirm or vary any direction given by the minister as provided in paragraph 16 or 17, or may vacate any such direction where it determines that

(a) none of the purposes of the transaction or series of transactions referred to in paragraph 16 was or is that specified in that paragraph, or

(b) none of the main reasons for the separate existence of the corporations referred to in paragraph 17 is that specified in subparagraph (b) of that paragraph.

19. That for the 1963 and subsequent taxation years

(a) a business loss incurred in a previous year by a corporation may not be deducted in a taxation year if

(i) the business in which the loss was sustained by the corporation was not carried on by it in the taxation year, and

(ii) in the period between the end of the year in which the loss was sustained and the end of the taxation year control of the corporation has changed hands, and

(b) a business loss incurred by a corporation in a taxation year may not be deducted in computing the income of the corporation for that taxation year if the business in which the loss was sustained by the corporation was wound up or discontinued, and after such winding up or discontinuance control of the corporation passed to a person or persons who did not control the corporation in the year at any time when the business in which the loss was sustained was carried on;

but this paragraph is not applicable where the change of the control of the corporation occurred prior to June 14, 1963.

20. That for the 1963 and subsequent taxation years section 18 of the act, which provides rules in the case of any lease option agreement, hire purchase agreement or other contract or arrangement for the leasing or hiring of property, be repealed, and appropriate transitional provisions be enacted in respect of any such contract or arrangement.

21. That for the 1963 and subsequent taxation years the benefits received by an employee from his employer's contribution to a group life insurance plan that are at present excluded from income be excluded only if such contribution is in respect of group term life insurance.

22. That, with respect to any annuity contract entered into after June 13, 1963, that part of the proceeds of the contract that consists of interest accumulated prior to the date on which the annuity commences be included in computing income of the recipient unless such proceeds are received as a life annuity or as a refund of premiums upon the death of the holder of the annuity contract.

23. That for the 1962 and subsequent taxation years the manner of taxing a bankrupt corporation, a bankrupt individual and a trustee in bankruptcy be revised and in particular

(a) that the trustee be deemed to be the agent of the bankrupt person for all purposes of the act;

(b) that section 63 of the act not apply in the case of any income of the trustee from dealing in the property of the bankrupt person or from carrying on the business of the bankrupt person;

(c) that the income of the bankrupt person be computed as if upon the occurrence of the bankruptcy the property of the bankrupt person did not pass to and vest in the trustee; and

(d) that the trustee be liable for payment of any tax payable by the bankrupt person to the extent of the property of the bankrupt person in the possession of the trustee.

[Mr. Pickersgill.]

Mr. Nowlan: I wonder if before the minister makes his statement—I presume he intends to make a statement—he will give consideration to dealing with the Excise Tax Act rather than the Income Tax Act today in view of the development which took place yesterday and the uncertainty of the situation. It might be better if we had more time in which to consider these income tax resolutions, because they go to the very root of the question of Canadian ownership.

Mr. Gordon: I appreciate the suggestion made by the hon. gentleman. I am prepared to go on now with the income tax resolutions. The officials who are familiar with that side of things are here. I suggest that with any luck we will get through the income tax resolution very quickly, and then we will be in a position to go on with the excise tax resolution this afternoon.

Mr. Nowlan: You are a great believer in luck.

Mr. Gordon: I don't know why. The income tax resolution sets forth a number of proposals which are now to be considered in turn on the basis of their individual merits. These were described in the budget speech. Although the measures were amended and clarified by the statement made on July 8, the basic principles and purposes are unaltered.

Since there are 23 numbered paragraphs it may assist hon. members of the committee at this stage to recapitulate in a few sentences the broad areas of subject matter to which the proposals are directed. Substantial tax incentives to encourage industrial growth and employment in the country at large and additional incentives for particular designated areas of slower growth are set forth in paragraphs 1 and 2. The repeal provision in paragraph 3 may be considered in connection with these.

An incentive measure affecting drilling and exploration for gas and oil is summarized in paragraph 4. Measures designed to exert an influence on the ownership of Canadian industry are set forth in paragraphs 1, 6 and 7. Other paragraphs which are either consequential or closely related to these are Nos. 5 and 8 and Nos. 9 to 12 inclusive.

A measure designed to encourage certain non-resident institutions to invest in Canadian bonds is contained in paragraph 13. If the hon. member will wait a moment, I was just going to add that this, of course, will be partially but by no means wholly upset, in fact not to more than a degree, if the present Kennedy proposals are passed by congress. The provision still offers a very important inducement to certain investors in the United States to buy Canadian bonds.

A measure to obtain earlier payment of corporation income taxes and to enhance the flow of revenues during the next two years is contained in paragraphs 14 and 15. Measures to achieve greater equity by closing loopholes and by improving the administration of the Income Tax Act are set forth in paragraphs 16 to 23 inclusive, and I expect that hon. members of the committee will be very interested in those proposals.

I will, of course, give an introduction to each of the main paragraphs in the resolution when we come to them, and with the approval of the committee I should like to begin with an introduction to paragraph 1. This paragraph provides a tax incentive for manufacturing and processing businesses with a degree of Canadian ownership and control. The paragraph proposes that accelerated capital cost allowances be granted in respect of certain new depreciable property acquired in a 24 month period for use in manufacturing and processing businesses by individuals resident in Canada or by companies resident in Canada that have a degree of Canadian ownership and control.

A taxpayer acquiring new machinery or equipment that would otherwise fall in class 8 of the Income Tax Act regulations for use in a manufacturing or processing business will be allowed to claim capital cost allowances in respect of that machinery or equipment at the rate of 50 per cent on a straight line basis. This 50 per cent rate is a maximum rate. Taxpayers may spread the deduction of capital cost allowances over a number of years if they so wish.

When capital cost allowances are calculated on a straight line basis a fixed percentage of the original capital cost may be deducted each year until the total capital cost has been deducted for tax purposes. For example, under the concession referred to here 50 per cent of the capital cost will be deducted in the first year and 50 per cent in the second. This method compares with the diminishing balance basis which is the general rule under Canadian tax law.

The normal capital cost allowance for machinery and equipment is 20 per cent on the diminishing balance basis; that is, if a machine costs say $1,000 an amount of $200 would be deductible in the first year, and in the second year 20 per cent of the remaining balance or $160 would be deductible. In the third year $128 would be deductible, and so on. Under the proposed incentive the cost of machinery may be deducted over a period of two years whereas under the normal rules only about two thirds of the cost of the machinery would be deducted by the end of the fifth year.

I mention this because the extent of this incentive is very great indeed, and in the opinion of the government it will mean a great speed up in investment in the private sector of the economy in the next two years. In order to qualify for the accelerated allowance—

Mr. Woolliams: That is the thing; qualification.

Mr. Gordon: It is not qualification. I think the word "qualify" is clear enough. In order to qualify for the accelerated allowance the machinery and equipment must be acquired by the taxpayer in the period commencing June 14, 1963 and ending June 13, 1965. That is the nature and the extent of the incentive, and I think it is fair to say that this incentive is greater and will probably have more important results than any other incentive that I can recall of this kind.

The requirements which a company must meet to have a degree of Canadian ownership and control are contained in detail in the resolution. First, the company must be a resident of Canada. Second, there are certain requirements concerning ownership of the company's shares which must be met. On this point companies have a choice between two tests. Test A is that no less than 25 per cent of the company's voting shares must be beneficially owned by one or more individuals resident in Canada, one or more corporations controlled in Canada or by a combination thereof. Test B is that the voting shares of the company must be listed on a stock exchange in Canada, and a non-resident company or an individual alone or with associated persons must not beneficially own more than 75 per cent of the voting shares of the company. In other words there will be at least 25 per cent of the stock available for Canadian investors.

The third condition is that at least 25 per cent of the directors of the company must be resident in Canada, but this requirement does not apply until 1965, the purpose being to give companies a chance to meet the requirement. It is not normal to change directors in the course of a year.

This portion of the reference also provides that a company which is the wholly owned subsidiary of a company that qualifies as

having a degree of Canadian ownership and control shall also qualify, provided it is resident in Canada, and four years commencing after 1964 at least 25 per cent of its directors are resident in Canada. Now, obviously a time must be established for measuring or determining whether a company has a degree of Canadian ownership and control. A company will be regarded as having a degree of Canadian ownership and control during a taxation year if, during the period—this is the whole period—of 60 days immediately preceding that year it meets the stipulated requirement. For the first taxation year of a new corporation, its period is the first 60 days in that taxation year.

Subparagraph (d) of the first paragraph defines what is meant by a corporation controlled in Canada for the purposes of this provision.

Mr. Diefenbaker: Mr. Chairman, I think it is generally agreed, and it is a course that has been followed throughout the years on the first item of the resolution in committee stage, that a general discussion is permissible not only of the particular section but also of the entire field. Then as time goes on the individual items are dealt with as they come up. I mention that because the minister spoke with bland optimism of the hope that if we could get through this measure this afternoon we could proceed with other items. I would think this particular resolution is one that, on the basis of the reaction of Canadians generally and people abroad, deserves the fullest consideration and examination by parliament. Naturally the official critic of the opposition, the hon. member for Digby-Annapolis-Kings, will deal in detail with these various matters.

However, I thought that it might be appropriate, in order to get a background for the discussion, to consider the courses that were outlined by the minister in the budget and the reaction that has resulted therefrom, not only within our own country but particularly abroad. I mention this because you will recall that for several years the Liberal party, then in opposition and also during the two recent elections, spoke most critically of the attitude taken by the previous government. They said we were anti-American when we took the stand we were pro-Canadian. Never in the widest stretch of our imagination would we have thought of bringing in the kind of legislation suggested by the present government, knowing full well the detrimental effect such would have not only on Canada and its economic advancement but as well on our relations with the United States.

The purpose of several of these resolutions is to interfere in Canada with foreign investment. Never did we at any time take such a stand. We wanted to see as many as possible Canadian industries Canadianized. We wanted as well to assure that United States business subsidiaries coming into Canada should adopt an attitude of responding to Canadian objectives rather than having their course determined in a foreign country, however friendly. But they said we were anti-American when, in taking a stand on behalf of Canada, we endeavoured to bring about generally by conversations or arguments the objectives that the present government now says can only be brought about by legislation so drastic that already Canada's economy has been aversely affected.

You will recall, sir, the manner in which the various members of the present government maligned us, condemned us, pilloried us as anti-American. Never at any time did we even consider the possibility of going as far as this government has gone, because we had received our advice from trained civil servants. We knew what the effects would be. However, for some reason this government rushed in. I am not placing responsibility on the Minister of Finance. He is just the tribune for the rest of them. He gave them the plan and that plan has had, as I said a moment ago, a tremendously detrimental effect upon Canada's economy and upon Canada's image abroad. I intend to refer later to some of the recent editorials. I was pictured as one who would bring about a disruption in the wonderful relations with the United States that the previous government had enjoyed. Read the editorials today. All over the United States they are saying, in effect, nothing could be worse than what we have today in Canada. We are surprised; we are shocked. The Hyannis Port honeymoon is apparently over.

There was to be a new field of operations, a new spirit of Canadian-United States relations. They spoke of these things. In the budget they did everything they could to undo the possibility of good relations with that country. We believe in a strong Canadianism. We have said that. But, sir, what has been the effect? Does anyone think President Kennedy did not have before him a plan when he made the announcement yesterday? Had not Canada given him ample proof of ways that could be followed to bring about not an expansion of trade but a reduction, not an expansion of investment but a grave diminution?

As a matter of fact, on the basis of President Kennedy's message yesterday I do not think the Minister of Finance could have brought about the objectives he enunciated in the budget speech as effectively as the Kennedy plan will.

I wonder to what degree yesterday's drastic action on the part of the United States was in some way made excusable by the inexcusable measures that were proposed by the Minister of Finance in the budget. We believe in the objective of Canadian owned industry. We have taken that stand throughout, but these provisions as to the percentage of voting shares beneficially owned by one or more individuals resident in Canada, and one or more corporations controlled in Canada, are as ineffectual in the administrative field as was the 30 per cent securities tax of unlamented memory.

They called it a face the facts budget, and now Canada faces the music as a result of the action taken yesterday. I do not know what manner of men brought about the various items in this connection, and I am referring particularly to those that deal with the need of Canadianizing Canadian industry; but on the basis of the last few weeks there is no Canadian who can deny that the chronology of the budget has been a continuing record of disaster unparalleled in Canada's parliamentary history.

It is a record of haphazard incompetence. The budget, and a number of these sections to which particular reference will be made, are the product of a government without a plan and without direction. The budget has been called everything, including a blunder budget and the vanishing budget. There are various sections in the Income Tax Act resolutions that I believe should also be withdrawn. They should be reconsidered, because they represent ill digested economic consideration of the effects that would follow such drastic, and in part quite ineffective, legislation.

When strong protests were made there was retreat. There are equally strong protests being made against various sections of these resolutions, and on the basis of those objections I think it would have been infinitely better for the government not to have engaged in a series of irresponsible declarations, followed by irretrievable retreats, but to have proceeded slowly and with full consideration. The government wanted to do all these things in a matter of a few days, but it was not the speed with which it operated that brought these economic monstrosities into being, because all of them were set forth in the book written by the minister.

But, sir, what has been the effect? Yesterday the President of the United States, in a special message to congress, asked for an immediate new excise tax ranging from 2½ per cent to 15 per cent on the purchase of securities issued in 22 industrialized countries, and this tax is to remain in effect until December 31, 1965. Yesterday the Prime Minister said he did not accept the suggestion on my part that Canada was the most affected country, but all across the nation, yesterday and this morning, the stock exchanges have indicated that Canada is the one nation most affected as a result of this action.

Where was this wonderful spirit of consultation that was developed at Hyannis Port? Yesterday the Prime Minister said "Oh, Canada was put in a special position; Canada was advised yesterday morning as to what was going to be done." Well, Mr. Chairman, the pressmen of the United States were given full information at least 12 hours before Canada was even considered.

What was Canada's reaction? What did the government say to the United States in the face of this drastic plan? What will be the effect? One of the principle items in United States newspapers over the last few weeks has been a suggestion that in view of the unbelievable action taken by the Canadian government, which was supposed to be superfriendly to the United States, retaliatory measures would have to be taken by the United States. I am not saying that what has been done is in that classification, but I recall the fact that in 1962, in the month of May, when we found it necessary to take economic action in regard to our foreign exchange, and when in June 1962 we borrowed from the international fund and took drastic action because of our international exchange difficulties, these magicians opposite said that what was being done represented the results of incompetence on the part of the then government.

What do they say about the United States now? Is this the result of incompetence? Is it the dilatoriness of the Kennedy administration that brought about the situation in respect of which action was taken yesterday? How they talked about incompetence on the part of the former government, but do they apply the same adjectival exaggeration to the Kennedy administration which had to take action yesterday, and which sees the most powerful nation in the world having to secure a grant of $500 million from the international monetary fund?

What is Canada's position now? Can she raise any objection to what is being done in the United States Can she argue that there should be some alleviation? Can she point out that we have the greatest trade with the United States, both ways, of any country in the world, and that therefore there should be some consideration given to Canada? No one would now advance that argument after the attitude implicit in the action taken by the government in its budget.

I would very much like to know the degree by which American antipathy has been materially increased as a result of the proposed 30 per cent tax on stock sales to foreign investors. Even though ridiculed by members of the present government, our relations with the United States over the last few years were on good terms, but we did not bow to demands on the part of the United States as to what we should do, and we did not fly in the face of the United States as did this government. I cannot understand why these supermen who sit opposite, these workers of economic magic, had no idea what the consequences would be of the totally inexcusable action taken in the budget in various particulars. That it was inexcusable is shown by the fact that the government turned tail and ran for cover on its 30 per cent takeover tax. I am hoping that the minister and the government, having established an unenviable record of declaration and retreat, will even now before this debate is over be prepared to suspend consideration of several of these items which cannot but have a detrimental effect on Canada's economy.

What is going to be the result of this? Administratively it will create chaos. I would like to know how the 25 per cent is going to be determined, on which day of the year it will apply. How are we going to police this without a tremendous bureaucracy? The very thought answers itself. I submit that in the philosophy of the budget, instead of it being one to provide for an expanded economy it has been a crippling one, slowing down economic activity. As a matter of fact only yesterday Mr. Kierans, the president of the Montreal stock exchange, had something to say about this. He is no friend of this party, but is close enough to the Liberal party to be a prospective Liberal candidate for election to the legislature of Quebec in support of Mr. Lesage—

An hon. Member: Another honeymoon ended.

Mr. Diefenbaker: That may not mean that he has too close a relationship with the government. He said that the action taken yesterday by President Kennedy, if it is approved and adopted by congress, will slow down economic activity, will hinder ready access to United States capital markets and will bring about higher interest rates. What happened yesterday was an understandable consequence of the government's attitude in this budget. I am not saying it was the result of it at all; far from it, but it gave to the United States an object lesson as to what could be done between friendly nations. I repeat what I said earlier—

Mr. Sharp: Mr. Chairman, could I ask the right hon. gentleman a question. Is this the explanation that he thinks the United States will make to the United Kingdom?

Mr. Diefenbaker: I do not care what explanation they may have made to the United Kingdom. I am thinking of Canada-United States relations.

Some hon. Members: Hear, hear.

Mr. Diefenbaker: I am glad to see this. It is one of the first times that the United Kingdom has been brought into debate in this house by representatives of the Liberal party as an example of what Canada should do.

Some hon. Members: Oh, oh.

Mr. Diefenbaker: I am dealing with Canada. The United Kingdom had nothing to do with the kind of nonsense that was embalmed in these resolutions and in the budget. I am speaking about what this government did by way of providing an object lesson to the United States as to action that might be taken. It is the most serious situation, according to John Meyer, that we have ever faced in this nation; and he is one who is quoted with respect, his opinion at all times being given full regard.

I know the government will not like my saying this, but I think I may generalize, without going into particulars, by simply saying that they instituted measures in the budget with no idea, apparently, of what the consequences would be. They instituted measures that were completely oblivious of the possibility of retaliatory measures being instituted. We cannot say anything to the United States now; we cannot say "Well, now, this thing is wrong; this is unfair; this is going to have a detrimental effect upon our economy". Five hundred and eighty million dollars have been invested in Canada by the United States since January 1 this year. That investment will certainly be materially reduced. Municipalities across Canada desiring to borrow in New York will find themselves unable to do so. Yet when the question was asked yesterday it was brushed aside as if it were of no particular consequence. Furthermore I suggest that in what is being done in general there is a violation by the present government of the spirit of the tax convention. What we have done by the threat inherent in the budget is to compromise Canada's position.

I am going to leave in a moment, Mr. Chairman, because I have a luncheon engagement. I simply summarize what I have been trying to say. The philosophy inherent in this budget is not in keeping with our relations with the United States. It is dangerous to the economic strength of this country; nobody can deny that. No matter how they would salve it over, the fact remains. I believe

in Canada determining its own destiny, in a Canada in which investment coming into this country shall be used for the purposes of Canada and not on the basis of the determination of any other country, however friendly. I say that when this is taken together, the whole philosophy, the packet plan as it were, it is a philosophy that cannot but have the effect psychologically and economically of interfering with Canada's growth and expansion. Instead of being a budget to help us develop, to give Canadians a new sense of adventure, to build up equality of opportunity in all parts of Canada, the philosophy in the 1963 budget is the antithesis of the idealistic objectives that were set out by the Minister of Finance.

Mr. Gordon: Mr. Chairman, as the Leader of the Opposition has dealt with a number of subjects in a rather general way and has sought, it seemed to me, to suggest that the particular budget resolutions which we are considering had such far reaching effects that they influenced President Kennedy in making his statement to congress yesterday, I thought it might be helpful to hon. members of the committee and to the public, perhaps through the press, to remind hon. members of just what this message from the President deals with and what it is trying to accomplish.

It seems to me that perhaps some hon. members have not had an opportunity to read and fully study the message, and there were moments when I wondered whether the right hon. gentleman opposite had really fully appreciated the implications of what the President was setting out to do. The message the President sent to congress is entitled "Special message on the balance of payments". The proposal for an interest equalization tax is only one of ten points that he brings to the attention of congress, and I would point out that he devotes only about one tenth of his message to this particular subject. It is one of a number of means by which the U.S. administration hope to improve their over-all balance of payments.

There can be no argument, of course, that the U.S. balance of payments has been weak and that it needs to be strengthened. In his message the president, as always, outlines various weaknesses and various means to overcome them. I suggest to all hon. members that we in Canada can be glad that the United States is taking steps to improve its international position and to ensure the continuing strength of the United States dollar. The greater part of world trade, after all, is conducted in United States dollars, and it is by far the world's major reserve currency. Anything that may disturb the flow of world trade or may undermine international confidence is bad for a country like Canada with such a huge stake in international trade and international investment.

The United States balance of payments has in recent years been weak in an over-all sense, and it has been weaker in some directions than in others. While the United States has been running a substantial deficit, certain other countries have been running a corresponding surplus. While the United States has been losing gold reserves, other countries have been acquiring them. The major surplus countries are those in western Europe, and they include France, Germany and Italy in particular. It is in these countries that interest rates are substantially higher than they are in the United States.

In his introductory paragraphs on the interest equalization tax the President refers—and I quote his words—to—

> —the wide differential between long term interest rates in the larger industrial countries and the United States.

Then he goes on to refer to the inadequate capital market mechanisms in many foreign countries. These remarks are clearly not intended to describe the Canadian situation. Nor would it make sense, I suggest, if they were so intended to apply to Canada, because the fact of the matter is that Canada, so far from being a surplus country in this context, is as we all know, and we know it with regret, a deficit country. This country has run an international deficit for more than a decade, I think entirely with the United States. The deficit which we run bilaterally with the United States is even larger than our over-all deficit, because in our case we happen to run a surplus with overseas countries. Year by year we paid over to the United States foreign exchange that we had earned overseas. In other words the United States, far from running a deficit with Canada, has in fact been running a substantial surplus with us, and year in and year out we have used capital that we have raised in the United States to pay that country for the surplus of goods and services which we import from them.

Actually, as I have indicated, the capital we have raised in the United States has fallen short of their surplus with us. The governor of the Bank of Canada pointed out in his annual report for 1962 that:

> While the net capital inflows from the United States to Canada in recent years have been very large, they have been less than our current account deficits with that country.

Under these conditions the United States would surely not wish to cut down their capital exports to this country.

Mr. Martineau: May I ask the minister a question at this point?

Mr. Gordon: I would be glad if the hon. member would wait until I have finished my remarks. We do not, to speak broadly, raise any more capital from the United States than we need to pay for the very large bills that we run with them. We have raised capital, as I have said, in the United States to pay the bills which we have incurred there. It was the temporary failure to raise capital which brought so many undesirable consequences a year ago, including the Canadian tariff surcharges which were, if possible, even more unpopular in the United States than they were in this country, and that is saying quite a lot. It is not credible that the United States administration would be trying to incur a repetition of this situation.

Our early studies of the proposed United States tax which we have been discussing reinforces the opinion that it could have important effects, and I am confident unintended effects, on this country. As was stated earlier today, the Secretary of State for External Affairs has already advised the ambassador of the United States that we have serious worries about the tax proposal and that we shall want a discussion of this matter with United States authorities. The right hon. gentleman was careful in the words he chose and in the way he would make a statement and then qualify it. I say this in no—

Mr. Horner (Acadia): In admiration.

Mr. Gordon: I do not say it in admiration, but I do say it in no critical sense. He left certain impressions which I think it might be desirable to clear up, because I am sure he would not wish to leave any impression which was not strictly accurate and true.

An hon. Member: I would not be too sure of that.

Mr. Gordon: I say that in all sincerity. I am sure that anyone who has been in a position of responsibility in this country, as the right hon. gentleman has, would not wish to say anything or give any impression that would in any way worsen a situation which at the moment is a little delicate. I do not think it is too delicate. I think we will get out of it all right, but I am sure the right hon. gentleman—

Mr. Monteith: Who left the impressions last June?

Mr. Gordon: —would not have wished to do anything which would aggravate the situation. If I may call it one o'clock, Mr. Chairman, we might all go and have some lunch.

At one o'clock the committee took recess.

[Mr. Gordon.]

AFTER RECESS

The committee resumed at 2.30 p.m.

Mr. Gordon: I was saying, or suggesting, at one o'clock that while I was sure the Leader of the Opposition had not made any such suggestion the suggestion has been made that this proposed tax which was recommended by the President of the United States stems from, or is even in retaliation against, the alterations in the withholding tax which this committee is about to discuss.

This suggestion, if there is such a suggestion, can only be based on a misunderstanding of the nature of the alterations which the government is proposing. On balance, what we propose involves a substantial reduction, not an increase in our resident withholding tax. The tax is reduced immediately from 15 per cent to zero in relation to Canadian securities purchased by tax-free bodies in the United States and elsewhere. It is reduced immediately from 15 per cent to 10 per cent on income paid by corporations offering to Canadians at least a 25 per cent participation in their equity and directorate. The increase from 15 per cent to 20 per cent would only apply to corporations which, after the lapse of two and a half years, still do not offer Canadians that degree of participation. On balance, I repeat, we are proposing to reduce, not increase, our withholding tax.

Even if the United States were considering retaliation, and even if there were something to retaliate against, which of course there is not, I cannot conceive that any great and responsible nation would take measures against 22 countries, including its principal allies in the free world, in order to affect only one of them. To suggest any such thing would be the height of naïveté, as the hon. member for Nanaimo-Cowichan-The Islands aptly pointed out yesterday.

In his message, the President indicates the priority to be given to the United States interest equalization tax. I quote:

> I have been assured that the house ways and means committee will be prepared to give high priority to this proposal after action has been taken with respect to the over-all program of tax reduction and reform now before it.

On this basis, having in mind that congress will be considering this proposal after it has dealt with this somewhat controversial question of tax reduction, it is my understanding that it will be weeks, perhaps months, before action can be expected on this measure. In the meantime, we shall have ample opportunity to discuss with our United States friends the possible effects of the interest equalization tax not only on the Canadian financial system but also on our economy as a whole and on our balance of trade and

payments. In this connection I should like to quote a paragraph from the joint communique issued on May 11 at the end of the Hyannis Port meeting to which the right hon. gentleman referred earlier between the president and our Prime Minister.

> The President and the Prime Minister stressed the interest of both countries in the balance of payments between them and with the rest of the world. The Prime Minister drew particular attention to the large United States surplus in the balance of current payments with Canada and noted the importance of allowing for this fact in determining the appropriate policies to be followed by each country. It was agreed that both governments should always deal in a positive and cooperative manner with developments affecting their international trade and payments.

I suggest to you, Mr. Chairman, and to the members of this committee that this is the spirit in which we should approach this particular measure which the president has proposed and put before congress.

(Translation):

Mr. Gregoire: Mr. Chairman, 22 countries of the world are being subjected at the moment or at least in the future to that tax on imports of American capital into their countries. That 15 per cent tax was announced yesterday and we learned about it in the house yesterday afternoon. Today we could witness the reaction. However, the amazing thing is that we only know the reaction of the Canadian government. The countries of the world who are proud of their liberties and of their national sovereignty did not see fit to express the reaction that we, in Canada, have displayed.

I would compare the situation to that of a new born infant. For some time, he thrives on his mother's milk but at a certain age, he is considered old enough to feed himself and he is weaned. Then he is left to develop by himself through his own efforts. Our country, the product of the confederation pact sealed 96 years ago, is still today like a child as it is entirely dependant for its subsistence on a foreign country.

The president of the Montreal stock exchange, Mr. Kierans, himself, said yesterday that Canadians have always depended on the tremendous savings generated in the United States to finance at an ever-increasing rate our Canadian economy. Canadians did not finance their economy, that was done rather by savings coming from the United States. We were not capable of financing our economy.

And yet, if we go back over 300 years, we will find that the first settlers came to both countries about the same time. How is it then that they have been able to grow, survive and build an enormous industrial empire without help, when we are still dependant on American finance?

Mr. Chairman, contrary to what others may think, in view of the fact that we have been unable to fend for ourselves, I personally rejoice that the country that has been nursing us is doing us the great service of forcing us to stand on our own feet. I welcome that and I hope that from such facts, we will learn to find our wings, to find our own feet in the development of our economy, which can be done, because we have in Canada businessmen and industrialists just as clever and bright as those of any other country in the world.

Today, we are taught a hard lesson which had to come, and I hope it will teach us to find our own feet. For too long, we have depended on decisions taken in other countries. Today, we can now start taking our own decisions. We are in a too large degree the victims of foreigners or of American capital. We can free ourselves, so let us take advantage of the situation. This should be an opportunity to reconsider our economy and all our finance structures in such a way that we will become our own masters in our own land, controlling what we did not control heretofore, that is the capital needed for our investments.

In the sentence I quoted a while ago, Mr. Kierans said:

> The tremendous savings generated in the United States.

Why does not the Minister of Finance reconsider our monetary system, so that we too can generate the capital and the credit we need for the development and the progress of our economy?

I think that the present Minister of Finance, being a good accountant, would be able to father that new economy which would make enough capital available to enable us to develop ourselves a Canadian economy. As a matter of fact, we do not need foreigners to do this. We are able to do it ourselves.

Let me give you an example. Only recently, the sales tax on building materials was increased. In this connection, I read in today's papers that according to some municipal authorities, interest rates will rise and it will be harder to obtain capital on the American market, precisely because of this new tax.

Mr. Chairman, it is Canadian citizens who are responsible for the development of municipalities, because they are the ones who

manufacture and assemble the materials used in the construction of public buildings or of public services in Canada. In fact, there is only one thing which our Canadian citizens have not made up to now and that is cheques and coupons, the bits of paper which are used to carry out that development.

Mr. Chairman, the Minister of Finance does not seem interested, even if he is in a predicament today, to hear the suggestions that are made to him, so that he may really become the Minister of Finance.

What is he doing at the present time? He is still trying to solve the problems resulting from the decisions of foreign capitalists. Yet, the solution is simple. It would merely be a matter of seeing to it that the creation of the credits necessary to the development of our country is resumed, for and by the Canadian people, as at the present time, such credits are controlled and created in most cases by foreign bankers.

It is a very simple suggestion, Mr. Chairman.

As the hon. member was saying, credit accounts—

Mr. Habel: A subject that seems easy enough.

Mr. Gregoire: But it is easy to those who want to understand. On the other hand, those who do not want to understand may find the matter difficult.

But the Minister of Finance should endeavour to realize that our country is able to develop itself and that it is not only on account of our lack of capital that it is not doing so, for capital can be more easily built up than our country.

In fact, it is easier for the Minister of Finance to try to build up the required capital for our country's development than it is for all our manufacturers, workers and farmers to achieve actual production in the country.

This lesson should help us find a new orientation for our economic system.

These days, we are considering the establishment of an economic council. It is sought to develop our industries by means of an economic development council. The government wants to develop our country but it forgets one thing, namely that that cannot be done without the consent and support of American capitalists and financiers. Even if Canada has the required workers, industrialists and producers, it cannot put them to work because it does not have the permission of a few financiers.

Under those conditions, and in view of the restrictions imposed by a handful of small American or foreign financiers, I wonder what a group of members of parliament who have been democratically elected by the people, can decide.

I am also wondering what is the meaning of democracy in our country. And what can the Canadian people say if all those decisions are subject to the approval of foreign financiers?

The Minister of Finance is no longer the minister of finance. He cannot control his finance because he is always the victim of decisions made by foreign financiers who control everything. A case in point, the moment he announces that a tax will be levied he has to withdraw it because a certain stock exchange president has come to see him.

Indeed, I should like to know why the Minister of Finance does not hasten to inform President Kennedy of all the administrative difficulties he himself had to face when he imposed his 30 per cent tax. He should even lose no time in sending Mr. Kierans to Washington to explain to them the administrative difficulties facing the Canadian government. I think President Kennedy would withdraw his tax since we are told it is for that very reason that our Minister of Finance had to withdraw his. But let me tell you that, for my part, I never believed that administrative difficulties had forced the Minister of Finance to withdraw his 30 per cent tax on the sale of Canadian shares to non-residents. In fact, I can give him examples of many other taxes which have given rise to more serious administrative difficulties, not only to the Minister of Finance, but to all Canadian taxpayers. In my opinion, if there is someone who should meet with difficulties, it should be the Minister of Finance and not the taxpayers.

Nonsense. Has not the sales tax on building materials given rise to administrative difficulties for those who are in the building field? One needs merely to look over the letters of protest sent to the minister to see that my contention is right.

In fact, have we ever heard in Canada of a single tax with which Canadian taxpayers had no difficulties? I challenge the Minister of Finance to name one tax that did not result in difficulties for Canadian taxpayers. Yet they were never withdrawn. Quite the contrary, they were increased as much as possible.

All levels of governments increase those taxes, and the Minister of Finance is anxious to make us believe he withdrew his 30 per cent tax because he was faced with administrative difficulties. Nonsense.

All taxes cause difficulties. The true reason is that the United States wanted to establish its own tax.

It is well known that the American under secretary of state exerted pressure. The Minister of Finance gave in and, less than a month later, the American government levied exactly the same tax, except that its rate is 15 per cent instead of 30 per cent, and that the profit goes to the American government instead of the Canadian government.

Mr. Chairman, as I said a moment ago, I did not take the floor to protest against the 15 per cent tax proposed by President Kennedy. On the contrary, it has my full approval, and if the President of the United States wants to increase it to 75 per cent, so much the better. This tax will prove that we cannot rely on American capital, on American investment to ensure the growth of our economy and that if we want to survive in the world's economic struggle, we must act as the United States did when they wanted to develop their country, we must create our own capital.

As a matter of fact, they were successful in that field. They created the necessary capital to establish the whole industry they have at present, and they went even further. They created additional capital to develop Africa, South America, and other countries and to invest in Canada.

Would anyone try to make us believe that Canada is not able to do the same? If the Minister of Finance is prepared to accept a shortage of capital because the Americans want it that way, I am against it, I cannot accept the situation and I tell the Minister of Finance that he must assume his responsibilities, since it is his duty and he must set up a monetary system in order that Canadians be the masters of their capital and this not only as far as administration, but also as far as creation is concerned, because money, capital and credit are created some place; they do not fall like manna from heaven, they do not grow in potato fields, they are created some place.

Capital is created by men, by individuals. There has not always been a monetary system; it is a human invention. Men have invented it because they felt the need for it. When there was no money, Mr. Chairman, I must say it was most inconvenient.

In stories about pre-historic times we read how the citizens of that era walked about with an axe on their shoulders. At that time, there was no monetary system, and no money, there were no "quarters" and it was most impractical.

If the Minister of Finance had lived at that time, and had wanted two eggs for breakfast, when getting up in the morning, but having no eggs available and nothing but a camel, for instance, he would have had to barter his camel for two or three cows, then one cow for two or three sheep, and again one of those sheep for a couple of pairs of footwear, only to barter one of them for two or three chickens, and one of those chickens for a dozen eggs. By that time it would have been midnight before he could have had his scrambled eggs for breakfast.

At that time, Mr. Chairman, there was no monetary system, and it was really most inconvenient. Nowadays, men have set up a monetary system. It is a human invention. If man has been bright enough to invent a monetary system, I wonder, Mr. Chairman, why at this time he has not enough brains to improve it when it is defective, as it is now the case in this country.

Mr. Pigeon: Set up the printing press.

Mr. Gregoire: I see that the hon. member for Joliette-L'Assomption-Montcalm (Mr. Pigeon) has again interjected one of his whimsical remarks, though he has been put in his place several times. And I remember that the present Prime Minister told him before that his interruptions were not always clever. Now, I believe that the Prime Minister was right, because, when somebody does not want to understand, he does not.

In my office, I have a painting which I could show to the hon. member for Joliette-L'Assomption-Montcalm; it represents two feet.

Mr. Pigeon: After the next election, you will not be in this house.

Mr. Gregoire: Mr. Chairman, I continue my remarks to say that, today, we have an example which shows us that at this time we must endeavour to reorganize our finances and our system in order that we may take action and develop by ourselves.

Since the Bank Act and the Bank of Canada Act are to be amended next year, I think a study and an analysis should be undertaken right away of the transformations and amendments which should be brought forward so

that the Minister of Finance, the government and the Bank of Canada can create in our country the capital needed for our own development, without having to toady or to grovel before foreign investors as we have been doing since confederation.

Mr. Chairman, it is urgent to develop a new school of thought in our country: the finance separatist school. We must separate from our continuous dependence on foreign investors, and such a project would be Canadian from sea to sea. The ten provinces could set up an arrangement to see to it that our country would become independent from foreign capital. It is simple, Mr. Chairman.

I ask the Minister of Finance to think it over. Let him pay a visit to his bank manager. Let him go and get a loan from him. We saw him lately pass a resolution to borrow $1,500 million, but let him ask his bank manager what he does when he grants a $100,000 loan to a friend. The bank manager will tell him that he takes his pen and writes some figures in a bank book. At that moment, he is creating new credit which will represent the wealth of the nation.

Why should we leave that in the hands of one individual only? Why should not the wealth of the country instead be represented by assets and credit which would belong to Canada and be under the "control" of the Bank of Canada instead of remaining under the "control" of a few investors? The Minister of Finance should consider the way the necessary credit for the development of Canada can be built up, and then, he will not complain, as he did today, about the American government levying a new tax that will slow down our country's business.

Is it not amazing, Mr. Chairman—and serious, in my opinion—that a mere statement by the president of another country is enough to bring about on the Canadian stock exchange fluctuations as the ones we have witnessed yesterday and today. A mere statement by the president of another country is enough. If we were really controlling our economy, we would not be the victims of those decisions made outside of Canada.

If the minister accepts this situation, we do not. We have to learn to become an adult nation, capable of governing ourselves without being continually in bondage to foreign governments and dependant on their decisions as far as our economy, our policy or social system are concerned.

[Mr. Gregoire.]

Mr. Chairman, it is a lesson for us. Let us try to profit by it and to improve our legislation in order to become truly independent in our own country.

(Text):

Mr. Brewin: Mr. Chairman, I should perhaps first state that I propose to discuss the income tax resolution. This may limit my rhetorical style, but that is the subject upon which I propose to address the committee.

I hope you will pardon the personal note when I say I rather regret that my first contribution to either the budget debate, or the discussion on the resolutions arising from it, does not take the form of being complimentary to the Minister of Finance and of commending the resolutions.

I would very much like to have done so for the personal reason of long friendship with the minister and a great admiration for his attractive qualities. Also I would like to have gained a reputation for originality, because I have not noticed anybody either in the house or in the committee saying a kind word to the minister or about his budget. But unfortunately, Mr. Chairman, the fact of the matter is that candor compels me to say this is an extremely bad resolution, and I propose to try to say why I think so.

The purpose of the resolution, as announced by the minister, is to advance Canadian control of our economy. That is indeed a very laudable objective; but it is my view, on looking at this actual resolution, that it will not only fail to fulfil that purpose but, on the contrary, the natural result of the effects of this particular resolution will be to do precisely the opposite and minimize the degree of control which Canadians will have over their economy. I shall later give my reasons for saying that.

In my view, and I summarize what I am going to say before I say it, the resolution is administratively inept. It will succeed in irritating foreign investors and completely frustrate the good intentions it is supposed to serve. This resolution is both delusive and deceptive to anyone who believes it is likely to increase Canadian control of the economy.

The minister announced that its purpose was to deal with the problem of non-resident ownership and control of Canadian industry. He gave us some of the figures in his budget speech, and pointed out that in 1959 57 per cent of the manufacturing industry in Canada, 75 per cent of the petroleum and natural gas industry, and 61 per cent of the other mining and smelting industry were controlled

by non-residents. The resolution we are discussing was designed to deal with this problem, and I can say that no one in this corner of the house, or in this party, is likely to quarrel with that purpose or disagree with it as an attempt.

We are all facing this problem of foreign ownership and control, but in my submission it is not enough to have good intentions. We have been told that the road to hell is paved with good intentions, and I suggest that the road to political disaster can also be paved with them.

Let us examine the particular resolution in question. It provides, as the minister has told us, a form of incentive or a benefit, by way of accelerated write-off of depreciation, for corporations which are described in the resolution as having a degree—and I ask the committee to mark these words—a degree of Canadian ownership and control.

These corporations with this degree of Canadian ownership and control are to receive the benefits of the incentive in this accelerated write-off, and in another section of the resolution, in the diminution of the withholding tax.

Let us examine what corporations with a degree of Canadian ownership and control will so benefit, and what will be the result. There are two groups. I leave out some of the unnecessary additional classifications, but basically there are two groups. One is a corporation of which not less than 25 per cent of its voting shares are beneficially owned by one or more individuals resident in Canada, or one or more corporations controlled in Canada, or a combination thereof. In other words an incentive is to be given to corporations, which are owned by foreign investors, to divest themselves of 25 per cent of their stock, and presumably to sell that stock to Canadians so that they will qualify for this particular incentive. This is one way in which they will qualify for the incentive.

I am not going into any elaborate discussion of the matter, but I say it is a perversion of language to suggest that a 25 per cent ownership of a wholly owned American subsidiary amounts to any control whatsoever. I know in law no less controlling situation than to be a minority shareholder where you have unified majority ownership on the other side. You have no control whatsoever. The very best you can do is make a nuisance of yourself under certain limited circumstances by seeking to get the corporation wound up and its assets sold. You do not control action in any shape or form by this 25 per cent ownership.

But, Mr. Chairman, that is not the real difficulty here. The real difficulty is that this will work this way: It will give an incentive to the American corporations to try to divest themselves of part of their share capital to a minority of Canadians, and it may in turn give an incentive to Canadian investors to invest in these minority interests in foreign controlled corporations. Again I emphasize I am talking largely of wholly owned American subsidiaries.

I am fully aware of the fact that 25 per cent of ownership may give a control in certain circumstances, where the remaining ownership is widely diffused, but with a wholly foreign owned subsidiary this 25 per cent amounts to nothing that would in any circumstances be called control.

What will be the result of this provision? It is that Canadian investment funds, that might be available for investment in truly Canadian corporations, and which would give some real measure of control, will be drawn into this phoney sort of control, namely into minority interest in a wholly-owned subsidiary of a foreign corporation.

There is only a very limited amount of Canadian capital available for investment and it has been estimated—I do not know how accurately—that to acquire a 25 per cent interest in these foreign owned investments in Canada would require $4 billion. Even if a small percentage of that $4 billion, available in Canadian savings for investment, is channelled into this minority control by reason of this incentive, by so much will Canadian control in its own equities and ownership be divested from Canadian owned and controlled companies, and Canadian control will be diminished, rather than advanced under the terms of this resolution. Indeed the situation is worse than that because the second part of this resolution envisions that not even a minority interest will necessarily be Canadian.

Under clause (B) of the resolution it is provided that a corporation is deemed to be by law, under this resolution, to be a corporation with a degree of Canadian control—and I presume the statute will follow the same terminology—if:

> —the voting shares of the corporation were listed on a recognized stock exchange in Canada and it is established, in prescribed manner, that no one non-resident shareholder owned beneficially, together with any other person associated with him at any time in any period, more than 75 per cent of the voting shares of the corporation,

There is an element of Canadianism in the fact that the shares have to be listed on a recognized stock exchange in Canada. I presume that means, under the regulations that apply to recognized stock exchanges, a certain amount of shares would have to be offered on that exchange for purchase by Canadians. But it is perfectly possible, under

this regulation, that a corporation would qualify for these incentives when, say, 74 per cent of the shares were owned by a syndicate in New York and 26 per cent of the shares were spread around amongst foreign investors in Philadelphia, Boston and what have you. Yet if the terms of this resolution were carried into the legislation this would be deemed to be a corporation with a degree of Canadian ownership and control. It certainly will have very little Canadian ownership, and I venture to suggest it will have practically no Canadian control.

Therefore the clause, if it is used as the basis of granting the incentive the minister speaks of as being an effective incentive—and that is how he opened his remarks—that particular incentive will be given to someone on the basis of a supposed "degree of Canadian ownership and control" when there is in fact no control and very little ownership. I say it will utterly fail to achieve the supposed purposes of the minister and the supposed purposes of this particular resolution. In fact, it aids precisely the opposite development; that is, the abstraction of Canadian investment funds from availability for investment in the ownership of their own equities.

Mr. Chairman, I had intended to spend a little time reading from various quotations in the financial press—I do not always get the opportunity to cite them in support of my own arguments and theories. These quotations point out the administrative weaknesses and difficulties of this proposed resolution. They are many and varied. The assessment of beneficial ownership is an extraordinarily difficult task and the possibilities for corporate manipulation are infinite. The administrative difficulties of applying this regulation will be tremendous, as has been pointed out by qualified financial advisers in the press. I think that part has to be looked into very carefully.

Then you get strange phrases like this, "One qualifies"—I think these were the minister's words—"for these incentives if there is not a non-resident shareholder, together with any other person associated with him who owns more than 75 per cent of the voting stock". It is true, Mr. Chairman, that this is not the legislation and is only the resolution, but what does a phrase like "any other person associated with him" mean? It is the vaguest, loosest sort of language, impossible to administer, with no real meaning. The ability to conceal the fact that a person is associated with you is the simplest thing in the manipulations of the financial world at the present time, and I defy the minister or his advisers to produce legislation that will make that part of the resolution administratively workable or intelligent at all.

I just want to add this, Mr. Chairman. In my view the whole philosophy that underlies this resolution is punitive. When saying that, I think I speak for the party I represent in this house. The whole philosophy is one of punishment; it is punitive; it is gimmicky; it is not really tackling the problem that is involved. As I say, it will have the effect of irritating foreign investors who, as the minister says, we still need for the development of this country. But it will do nothing whatever to meet the real need, which is to promote and give leadership to the investment of Canadian funds in Canada, to mobilize Canadian resources for the development of our own country. The positive, and not the punitive, approach is the one that is necessary if this problem of foreign control is to be solved. Let us give up these punitive gimmicks of which this resolution is a sample and, I would say, a very poorly drawn and inadequate sample.

In conclusion, Mr. Chairman, in other circumstances I would have liked to conclude my remarks by urging the minister to withdraw this particular resolution. But I realize that unfortunately from his point of view the room for retreat and manoeuvre is limited at this stage; therefore I can hardly hope to persuade him to withdraw this resolution. But whether it is withdrawn or not, I say to him and to this committee that the excellent, well intentioned purposes which were announced for this particular resolution will not be served by the resolution and the legislation proposed, and that in actual fact it will defeat, rather than assist, the solution of the problem with which we are all concerned; that is, the problem of domestic, Canadian control of our own economic destiny.

Mr. Gordon: Mr. Chairman, I would like to reply very briefly to my friend the hon. member for Greenwood. As he said at the opening of his remarks, we are very old friends, and I can assure him that nothing he has said today will change that by one iota. He was kind enough to tell me last night that he might have something to say on the resolutions today and that he might have occasion to disagree with me in some respects. I would remind him that our friendship has not been weakened in the past by disagreements on a number of occasions, and I see no reason why it should in the future. I would remind him, though, that when this matter was being discussed in the first place, in the budget speech, at page 1001 of *Hansard* for June 13 I did not refer to the control of these companies. What I said was that a 25 per cent

interest is, in most cases, appropriate to ensure that a Canadian point of view is always available when company policy decisions are arrived at.

The hon. member may disagree with that. I have had the kind of experience he has had with some of these companies, and I do know that if a Canadian point of view is available to management when they are making decisions, it makes quite a difference. I suggest to him that there is quite a difference between the policy decisions of wholly owned Canadian subsidiaries and those where there is an important and legitimate minority interest. There has to be. In discussing this matter during the budget speech I went on to say that a smaller percentage than, say, 25 per cent would probably not be sufficient for the purpose; that a larger percentage would neither be necessary nor, in many cases, practicable. I think the latter part was the point I had particularly in mind, because I agree with him that we are not in a position in this country to find all the capital that we need for all the purposes that are crying out for it. At this stage I do not think I wish to get into a debate with the hon. member on the particular criticisms that he offered. I think I will just leave it by saying that I was not completely convinced by all his arguments.

Mr. Nowlan: Mr. Chairman, this first paragraph deals with two different facets. It deals, in the first place, with an accelerated depreciation, which is one matter on which one could have a discussion and a debate and there might be differences of opinion as to the effect and the benefits derived therefrom. But I would suggest that this is perhaps the minor facet at the moment, despite what the minister said this morning about its importance. I think perhaps this is a minor part of the resolution, because when you adopt this resolution you are also adopting the definition of the Canadians of this corporation who, under certain circumstances, will be entitled to this accelerated depreciation.

I could not agree more with what was said a moment ago by the hon. member for Greenwood with regard to this matter. I agree entirely. It is a rather welcome relief that I do so because we cannot agree entirely on some of these matters. So far as the inadequacy of the definition, its purpose and its futility is concerned, that is something which goes to the root of the resolution. It is the reason why we should not allow the resolution to go through at this stage. The incentive or the depreciation in itself is not so important. It plays a part, of course; but once you adopt this paragraph you are adopting the same definition so far as the withholding tax is concerned, and when you are dealing with the withholding tax you are dealing with what I think is a particularly vicious and wicked section of the resolutions which should not be considered at any time.

What we are really doing here, as I see it—and if I am wrong I am sure the minister will correct me—is defining the good boys and the bad boys. The good boys are going to get cookies and cake by way of incentives; the bad boys are going to get hit over the head. I suggest that this is the first time in the western world which I can recall where there have been incentives for the good and not the bad, where there have been carrots and clubs for a given taxation period.

If I read the definition aright, the minister was faced with a very difficult administrative problem. There is no question about that; he admitted it. When he first brought in his bill he provided for 25 per cent Canadian ownership, although I think he faced the fact that this was probably impossible to administer. Anyway, he withdrew it and now you have a situation where a company must be listed on the Canadian stock exchange and not more than 75 per cent of such company can be owned by an individual or by associated companies. In other words, a small group. Let us take Ford of Canada, for example. If 74.89 per cent of Ford of Canada is controlled by the Ford family, shall we say, the other 25 per cent listed on the Canadian stock exchange could be—and in some other corporations they might be—owned by people in Ghana, in Holland, in Germany, in France, in Switzerland and in England, and not one single share owned in Canada. As long as the Canadian directors who are officials of the company are resident here and it is called a Canadian corporation, we are going to give it tax incentives and benefits. Let us take another example. My hon. friend for Ontario has a corporation in his constituency, General Motors, which employs a few dozen Canadians—14,000. General Motors, as I understand it, is a wholly-owned United States subsidiary. Whether that is right or wrong is a matter one could debate for some time. But we were told by the government that the fundamental problem was that of employment, of ensuring employment. I think a man who could get a job with General Motors would be just as happy as if he had got a job with Ford of Canada. Yet General Motors cannot qualify for these incentives, if they want to put in new equipment, because they are not in that category where they have a few resident

Canadian directors. They are the bad boys, whereas some other corporation would be a good boy.

I suggest, Mr. Chairman, that undoubtedly if there are shares listed on the Canadian market there is bound to be the odd Canadian investor. Surely this was not the intention of the minister when he wrote his first book. Surely this was not the intention of the minister when he wrote his second book. And surely this was not the intention of the minister when he wrote his budget. Then we were going to have at least 25 per cent Canadian control. How utilitarian that would be is debatable, yet it was a major objective and something which, if it could have been administered, might have been a success. But that has gone, and now you have left the 75 per cent ownership. As long as it is not more than 75 per cent owned outside Canada by associated companies or a family or group of that kind, then the other 25 per cent may be owned by Canadians in whole or in part, or may not be owned by Canadians at all. As long as you have the requisite number of Canadian directors who may now be officials of the company, which was precluded before—they may not even be Canadian citizens, but as long as they are Canadian residents—this qualifies the company for preferred treatment. As I have said, I do not think this is so vitally important in this case where we are dealing with depreciation, although that in itself is important. But it is of vital importance when we are going to deal with the withholding tax. Once we adopt the definition in this section, the position will be the same as when we are dealing with the withholding tax.

For that reason, particularly in view of what happened yesterday in the United States when we did not know, as the minister said, what the reactions would be or what results would flow from the presidential message, this is not the time to be adopting definitions or passing laws which will further complicate our relations with our investors in other countries. I would urge that the committee not pass this paragraph this afternoon but that it be stood over until such time as the situation is clarified. We think that the committee, the house and the country should have more opportunity to consider it and then deal with it concretely.

There are many other things which one could deal with, Mr. Chairman. I have a dozen questions which can be asked but I am sure others have too. All I want to do for the moment, in support of the hon. member for Greenwood, is to point out what to my mind is the absolute futility and inconsistency of this definition. If there was ever a case of gimmickry on gimmickry, then this is a gimmick to outdo all the gimmicks in creation.

Mr. Lambert: Mr. Chairman, as we are now discussing paragraph 1 of version 2 of the fourth edition of the budget I feel we must have some sympathy with the hon. member for Greenwood. I also have some sympathy with the Minister of Finance in the position he finds himself as minister. We all recognize the need for revenue, and one point which is so often missed by those who would comment on the federal financial scene is that the Minister of Finance has control over but one third of the expenditures which are within the four corners of our federal budget expenditure, because there are so many statutory items over which he has no real control. One can recognize that in this day and age the Minister of Finance requires extra revenues, in addition to which, of course, not only has he to meet the level of expenditure which existed prior to his assumption of office, but we have been given notice of a veritable flood of expenditures which are to come. Of these a good number will be statutory items or of a nature over which the minister will have no future control. So he has his problems.

The budget, the minister told us on opening night, was to be a budget which would stimulate industry and provide employment. Then on the famous Monday night when we had the explanations we were told that the purpose of the budget was to provide more revenue. Then, of course, we know that there was another objective in this budget, and this was the implementation of the philosophy of Canadianization of companies or Canadianization of foreign investment in Canada. But what has been the result? I would suggest to the minister this will have the contrary effect. We were told, with respect to the removal of the 30 per cent takeover tax, that this was being done because of administrative difficulties. I can understand the views of the minister in this regard and disagree heartily with the opinion expressed by the hon. member for Lapointe whose knowledge in this field is, I suggest, in inverse proportion to his volubility when he talks about there being an absence of administrative difficulty. I have heard it said in Ottawa—it is notorious—that the people in the Department of National Revenue responsible for these matters were consulted somewhat late in the day and that the difficulties were therefore not apparent until the minister was committed to the budget and had announced

his plans. Then he was obliged to say: we planned to do this but we now find it is impossible.

This provision was, we were told, an attempt to get United States investment out of equities and into bond holdings. I have no quarrel with the proposal made by the United States President. He and his government are facing a serious and complicated problem. They are taking action and it will affect us. But the effects of this proposal, if the proposal is implemented will, I suggest to the hon. gentleman, be the reverse of what he wished to accomplish by means of his budget. The heaviest incidence of the proposed United States tax will be on longer term investments and bond holdings. Instead of United States money coming into Canada and flowing into the bond market rather than into equities, the reverse is likely to happen because the United States proposal would subject investments in bond holdings to the heavier tax rate. Admittedly this is what appears on the surface of the president's proposal, and we do not know how the measure may be amended by congress. However, this is what I gather from the face of it and I intend to leave the matter at that point.

Now we come to the purpose of these resolutions, which is to provide an incentive for certain categories of companies which have a so-called Canadian content. They are told that at least 25 per cent of their directors should be resident in Canada in order to qualify for these benefits or, as was explained by the hon. member for Digby-Annapolis-Kings, there must be some odd combination in relation to the holding of voting shares. On this point, the resolution is far from clear. It says—"And it is established in prescribed manner". I realize, of course, that we cannot expect to have the details with regard to this at the resolution stage but it would be most interesting to know what the prescribed manner will be to establish that—

> —no one non-resident shareholder owned beneficially, together with any other person associated with him at any time in the period, more than 75 per cent of the voting shares of the corporation.

Then we come to this business of the number of directors. No doubt it is felt that by this provision a certain Canadian content would be given to a corporation or business. I do not know what type of corporation the minister has been accustomed to deal with, but I can tell him that there are a number of jurisdictions in this country where it is possible to establish corporations in which the directors need hold no shares at all. It is possible to do that today in the province of Alberta; it merely means the inclusion of an appropriate clause in the articles of association. I myself, as a solicitor, have often participated in such arrangements merely to comply with certain provisions and regulations of this particular kind. I would strongly suggest to the minister that this requirement is a hollow one. It means nothing. There could be compliance with the letter but not with the spirit of the law. Companies can get away with it, and it means absolutely nothing.

I am puzzled, too, by the procedures to be used to determine the ownership of shares where the Canadian resident holds shares in a mutual fund. When these funds are then put into equity shares in a Canadian corporation how do we arrive at a true appreciation of the share holding? We are getting down to certain situations where there will have to be knife edge decisions.

Mr. Gordon: Not under this provision.

Mr. Lambert: Well, I should like the minister to consider this. There may be an appropriate answer, but where one has this 25 per cent Canadianism, or anywhere where there is a percentage requirement of shareholders, what does one do where there are holdings in a mutual fund?

There is another point. I suggest the requirement that a certain number of directors should be residents of Canada can be readily defeated as far as Canadianization is concerned. There are hundreds of companies in Alberta, for instance, which are involved in oil field supplies and in the oil business. Their directors are, for a good part, United States citizens, residents of this country who are shuttled back and forth by their parent corporations in the United States. These men may live for two, three, or five years in Canada, but they are here to carry on the business of a subsidary company according to the dictates of head office policy, which is American. They have done a tremendous job for the industry, but I say to the minister that as far as introducing an element of Canadianization into these companies is concerned, the requirement in these regulations means nothing. It will not introduce that element. If the government intends to introduce Canadianization in this way, let these men be domiciled in Canada or I should say become citizens of Canada. I admit it will be much more restrictive, but it is a restriction to achieve a particular purpose or advantage with respect to investment in new equipment and new plant. It is a restrictive rule, so if it is the intention of the government to give an advantage to the Canadian element why not provide that it shall be a Canadian citizen who shall be a director?

There is one further point on which I would quarrel with this resolution. I do not think that the allowance of up to 50 per cent

for depreciation in a year, particularly in new business, means anything except in the odd case. If you are establishing a new business you must look to the long pull. You are not necessarily going to make money in the first two years of business. It is only the rare bird who is able to operate in the black in the first two years. Yet this individual or company is being given the advantage of a write-off of up to 50 per cent for depreciation in those two years. What good is it to him if he is already in a loss position? The purpose of this depreciation incentive is so that he will have less taxes to pay and more money available for further investment or to recover for himself.

I also suggest to the minister that even if he did avail himself of the 50 per cent, or whatever lesser percentage he chose to take, all he would be doing would be to hasten the evil day when he would have no further allowable write-off. Therefore in the third year, or whatever subsequent year it may be, he will then be bearing the full impact of the tax on income which has been established at a certain figure because there is no more depreciation allowance. You cannot escape it. You are not giving 150 per cent depreciation in this instance; you are limiting yourself to 100 per cent. Whether you write it off in two years, four years or ten years you are still going to be limited to the cost that you are going to depreciate. It is true that you are advancing it now, but three years hence you are going to be hit with the whole burden.

There are other things I should like to say with respect to other paragraphs in the resolution, particularly as to related companies. I think that is a pernicious provision. I have fought against it and there are others present who know how I have fought against it. I think it is induced by a rather illogical division between small businesses and large businesses and I hope the minister will look at it because I think there is room here for manoeuver. There is room to do something constructive with regard to corporate income tax. I agree with my colleague, the hon. member for Digby-Annapolis-Kings, that this provision has too many hooks and unknown dangers for us to pass it immediately, and I would prefer to see this item stand so that we can go on with others that are less controversial.

Mr. Gordon: Mr. Chairman, I think that is a good suggestion. I would suggest that we leave the discussion of this particular paragraph, not the resolution, move on to other paragraphs and then come back to it. I thought that the main point made by the hon. member for Edmonton West was in connection with the depreciation or capital cost allowance of 50 per cent. It seemed to me that he was thinking primarily of new businesses; at least, that is what he talked about. With great respect to him, I would think that this provision would prove to be a tremendous incentive to many established businesses to expand. It has been in the past when people have been offered accelerated depreciation. It proved to be very effective, and I have no doubt in my mind that this will prove to be a very great incentive to increased capital investment in the private sector of the economy. But I agree with the hon. member that this will apply perhaps especially to established companies rather than to those that are not yet established.

I do not think I have anything more to say except that I agree with the suggestion that it might be a good idea if we went on with some of the other paragraphs and came back to No. 1 later.

Mr. Leboe: I have some questions I should like to ask the minister in connection with the depreciation allowance. Would it not be possible for a person to acquire a debt as well as a depreciable piece of machinery costing several hundred thousand dollars? In other words, the piece of machinery might not be needed now but rather six, eight or ten years from now and in order to take advantage of this provision the company would buy a piece of equipment for installation at some later date. The depreciation allowance would be granted, even though the company had made the purchase on the time payment plan with only a small down payment.

I have one or two other points. I was interested in the remarks of the minister about the incentive for expansion. He did not refer to expansion to meet certain markets in his remarks. I am wondering whether or not we are trying to entice people to expand their plant where markets do not exist. In my business experience, when the market was there the money generally was readily available to go ahead and expand. I am wondering, however, about creating an incentive just for the sake of expansion without knowing whether or not there is going to be a market for the product, be it a machine or something else, that is going to be made. Would the minister care to comment on these points?

Mr. Gordon: As to the first point, Mr. Chairman, it would be possible, of course, for a business to buy a piece of machinery for $300,000, or whatever the figure was that the hon. member suggested, that it would not need for some years and claim this depreciation. However, I cannot imagine many companies doing that because, after all, they would get

certain tax advantages, but only up to 50 per cent and not many people will invest in machinery and have to spend at least half their own money for that purpose unless they are going to use it. There might be the odd case but I suspect only on the part of some company that had so much money that it did not know what to do with it.

On the second point, I quite agree that most businessmen are not likely to expand their operations unless they are satisfied that markets are available. But I think we all know that in Canada we have many businesses that have not kept themselves as modern and up to date as they perhaps would like to have done. I think we know that there is a great deal of obsolescent machinery in Canada and that the prime need in this country is to make our businesses efficient and modern in every sense of the word so that they can face up to the kind of competition with which they are now confronted. The purpose of the incentive is to encourage companies to modernize, to scrap obsolescent machinery and to replace it with the most modern machinery it can acquire.

Mr. Leboe: I should like to have the minister relate what he has said to the remarks of the Minister of Defence Production the other day when he said we must temper our efficiency with the idea of providing jobs. It seems to me there is a direct conflict here. In essence, we are saying we must modernize, get more up to date machinery, which will bring about automation to a greater degree, provide a greater degree of efficiency and a better product; yet the Minister of Defence Production, if you will refer to his speech in *Hansard*, said we must temper our efficiency, our automation, with the idea of providing more jobs. I should like to see if the minister can relate the two objectives because there seems to be a conflict.

Mr. Gordon: I am afraid I was not in the house when the Minister of Defence Production made the remark to which my hon. friend refers.

Mr. Leboe: You will find the remarks there, all right.

Mr. Gordon: I will have to look them up. I am pretty sure the Minister of Defence Production would agree with me, however, when I say that in general terms, and certainly there may be some exceptions, if Canada is to prosper, if we are going to compete with other countries as we must, we shall have to do everything we can to modernize our industry in this country. I do not think there can be much quarrel with that. The hon. member used the word "temper", and there may be occasions where other considerations have to be taken into account for a while, but by and large if we do not keep up to date in this country then we are going to get into a great deal of difficulty.

Mr. Leboe: I agree with you, and I disagree with the Minister of Defence Production.

Mr. Woolliams: Mr. Chairman, I should like to divide my remarks into three parts this afternoon. I understand we are still dealing with paragraph 1. In particular, I should like to say a few words in a general way as a member of the House of Commons, a person who lives in the city of Calgary and represents the riding of Bow River which contains about one third of the people in the city of Calgary. I believe that in the city of Calgary, on a per capita basis, we have more people from the United States than we have from any other part of Canada. We have, in a city of 235,000, at least 35,000 or 40,000 people from the United States.

In fact, recently I was talking with the United States consul there, Mr. Madill, who has just been moved from the city of Calgary to New Zealand. He says it is one of the busiest consulate offices in the whole of Canada. I refer to those facts because I should like to mention certain things which took place during the campaign. I do not want to flog a dead horse, because the campaign is over, but these events set the whole tone of the resolution, the whole tone of the budget. If we look back at the campaign for a moment we find, and I say this without any equivocation, that far more irresponsible than any taxes that may have been imposed or attempted to be imposed by the former government, was the budget. Yet, when we tried to develop a plan, when we encouraged Canadians to invest more money in their own business, we were then labelled anti-American.

I am going to go further. I did not intend to go that far this afternoon, but there was a most vicious attack made because they labelled us anti-American. They labelled the leader of our party anti-American. I say that I do not blame the newspapers in the United States for writing that kind of propaganda: I blame the people now sitting on the treasury benches. I believe the kind of publicity that Canada is getting is probably the result of that situation that developed. The people of the United States generally are beginning to realize that probably their true friends after all were the members of the Conservative government and not the present Liberal government. I think we should always remember, and I think we should remember it outside of the house particularly, that when

you attack the Prime Minister of your country, then you are attacking your country as a whole. This is something that was accomplished by those people who now sit on the treasury benches.

As I have said, I come from the city of Calgary which does contain many people from the United States. I am going to be personal for a moment. I am married to a person who is a fifth generation American. During the campaign, because we were pro-Canadian, propaganda was poured out to the effect that we were anti-American. This was false; it was deceitful; it was wrong, and it was irresponsible to the country.

I was interested in the minister's last remark before he sat down concerning competition, and how Canada must compete with other countries industrially. One of the problems of competing is, of course, modernizing our plants. One of the phrases we have heard quite often lately is to get the economy rolling in order to increase productivity. I have said over and over again when I have spoken on this side of the house, and when I sat on the other side during the time the Conservatives were in office, that we should honestly try to reduce taxes.

I believe, in that regard, I should put an interesting story on the record. We are always bringing forward programs or attempting to bring forward programs, it seems, in order to win votes. These programs increase the taxes and take taxes from private industry and from the wage earner and, as a result, increase the cost of production. Then, we are not able to compete with some of the other countries, particularly the communist countries who say their economic penetration into the western world is greater than any other kind of penetration.

I should like to put this story on record with regard to taxes before I speak to the resolution. It is a story that is reported in "Vital Speeches of the Day", for March, 1963, at page 346. This is the report of a speech on "Our Most Precious Possession", by Mr. Doan. This is what he said:

> There is a story of an old Indian who owned some oil land. He sold it for quite a sizeable sum of money. Soon thereafter the internal revenue service sent a man to see him for he had never filed a tax return. He asked why he should give 25 per cent of this money he had received to the government. The tax agent patiently explained that the government did a lot for him. It protected him from his enemies, it cared for him when he was sick, it gave him dams which made huge lakes for him to fish, and power for lights for his hut, and free money when he grew old, and for these purposes it needed money.

This is the reply the Indian gave to the man from the internal revenue department:

> Yes, I understand. It is like this: I have a dog and the dog is hungry. He comes to me and begs food. I say to him, "My dear faithful dog, I see you are very hungry. I am sorry for you. I shall give you meat." I then take my knife, cut off the dog's tail, give it to him, and say, "Here, my faithful dog, be nourished by this nice piece of meat."

This is exactly the kind of tax system we have in this country. This is exactly what we are trying to do so far as the tax structure of this country is concerned.

I should like to spend just a few moments in referring to the new tax that has been implemented by the United States. I should like to quote something which appeared in this morning's *Gazette*, July 19. I quote from the article.

> Eric W. Kierans, president of the Montreal and Canadian stock exchanges, noted that "Canadians have always relied on the large pools of savings generated in the United States to finance a higher rate of growth in Canada, at cheaper cost, than would have been possible otherwise."
>
> With Canadians cut off from a ready access to American markets, "higher interest rates seem inevitable."

It goes on to say:

> As a result, we can expect a slowing down of economic activity at a time when we already have high unemployment.

I do not think anyone would suggest that that tax was implemented because of what has taken place in what I classify as an irresponsible budget, but I do say that Canada should have been left out of the list of 22 nations mentioned, or at least our Minister of Finance should be in a position to negotiate on behalf of Canada. But, when one looks at the terms of the budget and at what he tried to do in it, but which he withdrew and retreated from like Napoleon, one cannot except the Minister of Finance to say, "Go easy with us. We are Canadians. We do not want that kind of tax. It is going to hurt our economy, and it is going to mean maybe another 100,000 men unemployed next winter."

We cannot negotiate in that fashion because we have put our worst foot forward and the chickens have come home to roost; and this was done by people who said we were anti-American and they were pro-Canadian.

An increase in interest rates could easily develop. I am not a student of this, but I question whether the minister has really completely conceived of the situation between Canada and the United States economically, and what this might mean to our exchange problems. We may face tighter money, and tight money brings back many problems and will increase the number of our unemployed.

The whole background of the budget, and the whole principle behind the books written in the past by the minister, was that if we

followed certain steps, laid down in the budget, it would mean full employment for Canadians, whatever that means—when you have less than 4 per cent unemployed. Then of course you have full employment, according to him.

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

Mr. Woolliams: Certainly.

Mr. Gordon: I do not remember making that statement. I wonder if the hon. member would give the reference?

Mr. Woolliams: I have not got your book with me. It may be 3 per cent. What did you say?

Mr. Gordon: Mr. Chairman, I have said this on several occasions and I am delighted to repeat it. In my opinion we have full employment when jobs are chasing men instead of men chasing jobs.

Mr. Horner (Acadia): Read your book. Somebody else must have written it.

Mr. Woolliams: I would say this with the greatest respect to the minister, as I understood it and maybe I misinterpreted it, I think he went so far as to say that where there is only 3 per cent, or 3½ per cent, of the people unemployed, you have full employment in Canada, and I am ready to read that paragraph into the record whenever this debate comes on again. I am quite confident the minister made that statement. He has written three books and he has written one budget, and maybe he has talked so much about this matter that he has overlooked this particular item; but nevertheless that was my interpretation of his book and the interpretation of many Canadians who read it.

Mr. Gordon: You have read it?

Mr. Gregoire: I would like to ask a question—

Mr. Woolliams: Certainly.

Mr. Gregoire: —of the Minister of Finance. Could that level of employment be achieved in my constituency?

The Chairman: Order. Do I understand the hon. member for Bow River has completed his remarks?

Mr. Woolliams: No, I have not, but I thought it was in relation to something I was saying. My hon. friend has always been so polite and kind to me that I would not want to deny him the right to anything, but if you would permit him to put the question I am willing to yield.

Mr. Gregoire: I have put my question to the minister.

Mr. Gordon: Nothing would make me happier than to have all the people in the constituency of the hon. member for Lapointe in the position where they had lots of jobs to choose from. I am sure he would agree that would be just fine.

Mr. Woolliams: I am glad to hear the Minister of Finance say that, because I do not think any member of parliament presently sitting in the house, or any former member, has said he did not want full employment. Every government that sat over there has striven for the same thing. After all, governments may make mistakes innocently and logically, but every government that sat on that side worked for full employment.

However the point I want to make is that when there was unemployment in 1957, when the Conservatives were in office, to listen to hon. gentlemen opposite one would think we had invented something new in the political world.

Coming directly to paragraph 1 of the resolution, I am inclined to agree with our financial critic that what is so strange about the resolution is that it puts one group of people in one pen and another group in another pen. You have the bad boys in one pen and the good boys in another, and one of the difficulties is to differentiate between the good and the bad by reading the resolution itself because, when you approve of the first part of the resolution, as other hon. members have said, you have then approved of the definition of what you mean by a good boy and what you mean by a bad boy.

But even if one were to take that part out and looked at the resolution as it reads in reference to the 50 per cent depreciation, what does this really mean? Applying it to new companies going into areas where there are surplus labour pools, and there is one in my own riding, Drumheller, most of these companies which start out, buy new machines and new processing equipment and would not show a profit for a number of years; so that actually the resolution as it stands is really superfluous. It really does not mean anything even if applied to companies now in operation that are showing a good profit, because if you write the depreciation off for the first two or three years then it is gone and they are going to pay this taxation on profits in later years.

The minister has already changed one of the provisions of the budget, cutting the 11 per cent sales tax back to 4 per cent and amortizing it over a period of years, but this

is going to be dangerous and the full tax will be paid in a number of years.

With reference to the definition of what is a Canadian corporation and what is not, it seems to me we could have a situation, as pointed out by the financial critic of our party, where Canadians would not own any part of a company but it still could be categorized as a Canadian company. Where does that put us? It merely discriminates as between one company and another. Of two companies having almost the same identical structure, one may comply with this provision and the other may not. A definition of that nature is very dangerous and it is certainly a new type of thinking in discriminating in favour of one company as against another.

If it applies to the Ford Company and not to General Motors then it is unfairly discriminatory and unjust. On that ground I support my fellow colleagues in their contention that the resolution should be stood; but I go further and say not only should it be stood but it should be withdrawn, as the minister did with other portions of the budget, in his retreat like Napoleon from Moscow.

Mr. Pugh: I want to clear up just one point. Would the minister give a definition of residence?

Mr. Gordon: Mr. Chairman, unfortunately I am not a lawyer. I gather this is a legal question and I am not in a position to give the answer.

Mr. Pugh: If the minister backing this resolution cannot give a definition of residence, how then is it to be interpreted? Surely there must be some definition. Does it mean the residence of domicile, or does it mean ordinary residence? How long must the residence be, for instance, in Canada? Also, if the minister can give us a definition of "resident"—and I am sure he can—would he give statistics to—

Mr. Gordon: I am informed, Mr. Chairman, that there is nothing in the Income Tax Act, or very little, defining "resident" but that it is to be found in the common law of the country. That is why, not being a lawyer, I am not prepared to give a snap decision; I do not think I am qualified to do it.

Mr. Pugh: Then without the definition at all, and referring to the common law of Canada, has the minister any figures to show the number of non-Canadians resident in Canada who are at the present time directors of a corporation subsidiary wholly owned other than in Canada? I am asking the minister this question because there must have been a reason for putting this residence qualification into the resolution. First of all, apparently the question has not crossed the minister's mind as to what is the definition of a resident of Canada for the purposes of this measure. Second, in putting this qualification into the resolution he must have had some object in view. There have been a great many "airy fairy" decisions on the budget already, and if this is going to be carried into this budget resolution, surely it should be stood over right now until such time as this normal type of question can be answered.

Mr. Gordon: Mr. Chairman, I have in mind "resident" in the general understanding of the word, but I am not in a position to give the hon. member a legal definition of it. My hon. friend may be a lawyer—he probably is—and if so, his knowledge of the common law would be very valuable to the committee, I am sure. I was not quite clear about the hon. member's second question with regard to the number of directors of various Canadian companies. There are no statistics at all on that.

Mr. Pugh: The question is this. The minister must have had something in view when he started talking about residence as being a qualification for a director of a corporation which was wholly owned in the United States, or a subsidiary. Has he any idea as to how many non-Canadians would fit into this category at the present time, because if they are resident in Canada, according to the common law or any other definition set up by the regulations which will come into effect with the passing of these resolutions, surely that fact would qualify them under this paragraph and they could be non-Canadians.

Mr. Gordon: That is correct.

Mr. Pugh: In fact, they would be in no different category than prior to the passing of this resolution?

Mr. Gordon: This resolution contemplates that directors will qualify if they are ordinarily living in Canada and therefore familiar with Canadian points of view.

Mr. Pugh: Then there could well be figures in the department at the present time which would indicate how many non-Canadians who are resident here are directors of corporations wholly owned outside Canada.

Mr. Gordon: Mr. Chairman, I am sorry to have to tell the hon. member that there are no such statistics.

(Translation):

Mr. Balcer: Mr. Chairman, the headlines of this morning newspapers here and there in Canada reported that the tax which has

just been suggested by President Kennedy will be highly detrimental to our economy.

I must admit that many Canadians were quite surprised to learn that our economy was threatened by a decision of the President of the United States. In fact, we had been used to hearing during the last electoral campaign that, under the Conservative government, the Americans having been treated off-handedly, the Canadian people would suffer the consequences and that all kinds of retaliatory measures would be taken against them, especially in the economic field. This is why I believe that the ordinary citizen must have been surprised to learn this morning from the Minister of Finance himself that President Kennedy's recent proposal to the American congress could have such an impact on Canadians in general.

Now, what is even more unpleasant, is that after the Prime Minister's visit to Hyannis Port, all seemed to go extremely well. It will be recalled indeed that the Prime Minister (Mr. Pearson) brought a rocking chair along, but it must have been rickety, judging from the results, and that the President of the United States gave the Prime Minister his personal flag which is seen floating over his private home. But I think that this flag must surely be flying at half-mast this morning at 24 Sussex, after the proposal made yesterday by President Kennedy.

All this brings me back to the Prime Minister's reaction after those measures were announced yesterday. Indeed, all he did was to advise us to keep calm. He said that we should not get excited, or pass judgment too hastily, but to wait and that he could not make a statement now. We heard the same thing from the Minister of Finance (Mr. Gordon). We are urged to keep calm.

Still, as a member of the former government, Mr. Chairman, I am entitled to remind the house of the situation which prevailed under our administration and which hon. members opposite described during the election campaign as having been brought about by an anti-American party.

When we were in power, our relations with the United States were good enough for Canada to be ensured of a special treatment whenever the American government took steps to protect the U.S. dollar. That is precisely what happened in the case of American defence contracts. Indeed, after Mr. McNamara, the American secretary of defence, met with members of the former cabinet and heard their representations, the United States government made an exception for Canada because of our excellent relations with our southern neighbours.

The result was that Canadian manufacturers continued to be treated the same way as their American counterpart concerning the award of United States defence contracts.

I cannot understand, Mr. Chairman, why the present government has not done anything, since the announcement of this policy, with a view to obtaining special treatment from the American government. After all, it seemed that the famous trip to Hyannis Port had settled every misunderstanding which could exist between our two countries. But one could ask today why Canada is put exactly on the same level as San Marino or the sovereign principality of Liechtenstein?

Frankly, Mr. Chairman, when we know that Canada—

Mr. Lamontagne: Just like France.

Mr. Balcer: Indeed, I could point out to the President of the Privy Council that, according to today's newspapers, during the first half of 1963, Americans bought $590 million worth of Canadian bonds, that is 67 per cent of the over-all amount of foreign bonds purchased by United States citizens. Mr. Chairman, Canada, which sold nearly 67 per cent of all foreign securities bought by the United States during the first six months of 1963, will be the first country affected by President Kennedy's plan. I feel it is our government's duty to suggest to the United States a preferential treatment for Canada, based on a good neighbour policy.

After the hullabaloo of Hyannis Port, and in spite of the outcry directed against the previous government during the last election campaign, the present government has done nothing, and Canadians feel disappointed.

The Minister of Finance urges us not to exercise ourselves unduly, as the proposed legislation has yet to be approved by the United States congress, and this may take several months. We are told that even if the measure were passed in the fall, it might find itself seriously amended.

The Minister of Finance thus tries to bring us some comfort, but actually we are left dangling in mid-air. Our financial circles find it much worse to remain in such state of uncertainty, than to know hard facts.

Mr. Chairman, it does seem rather childish to try and seek solace in the thought that the legislation has not yet been approved by congress, for we know, through the president's statement, that the proposed measure would become retroactive as from yesterday July 18, and we are aware that the Canadian stock exchanges have already been affected by the United States proposal.

Besides, one has merely to study the stock exchange to appreciate the effect of the new measure taken by the United States on the Canadian market.

Mr. Chairman, bearing in mind the action taken by the United States against Canada, we should consider very carefully the resolutions under study.

I believe also that the warnings given by the members for Digby-Annapolis-Kings (Mr. Nowlan), for Bow River (Mr. Woolliams) and for Edmonton West (Mr. Lambert), should be taken into serious consideration by the house before taking actions that would be merely aggravating, inefficient and would cause uneasiness in Canada itself. These measures, instead of stirring up industry and trade, will result in a more serious decline in business.

Mr. Chairman, we must be very careful when we are dealing with our neighbours to the south. We can see the extent to which what is going on south of the 45th parallel can affect our economy. That is why I believe that, if the Minister of Finance wants to promote Canadian economy, he must find perfectly accurate means which leave no room for doubt, in order that there be no discrimination between investors residing in Canada and those who invest money in Canada, that is foreign investors and Canadian investors. There should be no discrimination between them.

A climate of prosperity must be restored in Canada. We should welcome foreign capital to a certain extent, and that is what must be determined with the greatest care.

Let us not forget that, in all Canadian cities, from the smallest to the largest, municipal councils are spending vast sums of money to bring in new industries. I might point out that it makes very little difference to those municipal councils whether the funds are American, French, English or Canadian. What they want is work for the Canadian people.

I realize we could go too far in that direction, but nevertheless we must make sure that all steps taken to curb foreign investments are capable of having beneficial results and do not constitute an obstacle to the development of our country.

That is why I feel those resolutions, as drafted, do not suit that purpose and why I agree with the views expressed by the hon. members I have mentioned at the beginning of my remarks.

(Text):

Mr. Nugent: Mr. Chairman, after quite a number of people have spoken on these resolutions it might be rather difficult to sound original, but perhaps something is to be said for expressing a somewhat similar idea in a different way; and sometimes the purposes of emphasis might be served by repetition by a number of people. On the question of emphasis, for example, it is not too often that I have heard in this house speeches made by hon. members on the left hand side of these benches quoted with approval. However, I did think that the speech of the hon. member for Greenwood touched upon what I consider to be one of the most fundamental faults in the budget presented by this government, namely the concept of the punitive aspect of taxation as compared to the encouragement of Canadians to achieve what the government is setting out to do. Certainly nothing could be more unsettling to the country as a whole, or more discouraging to investors both here and abroad, that the wild gyrations of the minister in withdrawing so many of the budget items. But it was not just the fact that these items had to be changed which was so bad; it was the fact that they were so startling and severe. The takeover tax, which was so quickly withdrawn, in itself could have done very little harm in a very short time if it had not been such a rude departure from all that had been expected of this government. While nothing may be gained, in some instances, from refighting the last election, I think that in order to appreciate the impact which this action had on the country, the effect it has had on the budget, and how it is affecting the confidence of investors and businessmen in this country, we should look again at the situation.

The fact is that the Conservatives had been branded as anti-American. They had been branded as anti-American by the concerted

efforts of Liberal propaganda over a considerable period of time. I would say that for political purposes the Liberals had gone far out on a limb on this and had played the theme that they are the friends of the Americans, and had stressed the importance of having a government friendly to the United States. They had sold the country on that, and sold the Americans to quite an extent on the idea that they would be that government. They had sold the people of this country on this, that if they came into power their mere assumption of office would restore the confidence of the business community. Here would be a government which would get along well with the United States, and in this way it would restore the confidence of the United States investors and Canadian investors and smooth the path toward economic well-being.

It is against this background that we must consider the action of the government. In addition to the budget as originally presented there were the items which have now been removed from it, and the budget resolutions are before us now; all are inextricably woven together. Certainly I thought there was some justification for the early Liberal propaganda when the change of government first came about, and that there might be something to the fact that the business community now had more confidence in the government than they had when the Conservatives were there. Certainly, all the organs of propaganda, the press in this country most of which had been favourable to the Liberals, as well as most of the press in the United States immediately began to hammer home the theme that now we had a government which understood co-operation, a government which was steady and reliable, a government which would take the commonsense viewpoint which this country needed if it was to meet the challenge ahead. I think the tide of propaganda which poured out did, for a little while begin to have an effect. Businessmen began to feel that at least the situation had stabilized, that we had a government which could swing the country behind it and that we would enjoy a period of stability, if nothing else. When we measure these expectations against the dismay brought about by the punitive measures announced by the Minister of Finance, we begin to understand the degree of shock felt by our friends in the United States who had hoped for so much. Had such a measure been introduced by a Conservative government which, through constant propaganda, had been branded as anti-American, it might have been considered in a different light. It might have been resented to a certain extent, and those who had been influenced by propaganda might have tried to make something more out of it; but I believe it would have been considered fairly objectively. However, it was presented by a government which had done nothing but stress the importance of friendship with the United States, a government which had made so much political capital out of our balance of payments difficulties. When we appreciate this fully, we begin to realize why there was so much consternation at the hon. gentleman's announcement, not only in this country but throughout the United States.

We in this house have begun to recover in the last day or two from the shock we felt at President Kennedy's message to congress about the contemplated tax on shareholdings abroad. It should be remembered that the position of the United States in this regard is very different from our own. Canada is almost completely dependant on outside capital for its continued economic expansion. President Kennedy could implement a step such as this knowing that its results, while they might annoy foreign institutions, would not affect him too adversely, because United States generates more than sufficient capital within its own borders for its own needs. For anyone to suggest that if President Kennedy can do it a nation such as ours can do it, is to miss the point completely. Canada is just emerging from its position as a supplier of raw materials. We are only beginning to find our real stature as a manufacturing nation and we have a long way to go before we achieve the industrial capacity we must have if we are to overcome our employment difficulties. There is no suggestion that in the near future we are likely to become independent of outside sources of capital for investment. For a long time we shall need substantial sums to build up the industrial complex for which we must strive.

Since we are today so extremely dependant, we are therefore extra sensitive to the reactions of our friends, not just to friends in the United States but to those of potential investors around the world. This is what makes the budget resolutions so important. It is this extreme sensitivity which has led to so much consternation throughout this country. It is this extreme sensitivity, this extreme reliance on the confidence of other investors, which I suggest must make us extra cautious and extra critical with regard to the remaining budget resolutions. To begin with, we must see if there is in the remainder of these resolutions the same sort of punitive attitude which has been taken with regard to almost every item so far. I am suggesting we should look at each item on the basis of asking ourselves whether we find an attempt to drive people into doing what we want them to do, to punish them if they do not react in what we consider to be

the proper way, or whether we find an honest attempt to encourage them to invest their money in ways which will best help this nation. If we do this we will be looking at the resolutions in a manner which is most likely to help both the government and the country.

I am not at all encouraged by what I see on a quick review of these resolutions. I am not happy with the provisions made for judging what is Canadian ownership. To begin with, it seems to me we find here a preoccupation with surface appearances rather than with what really happens down deep. In fact, mere window dressing and bookkeeping effects are, I suggest, what we have here. Certainly, anyone who is at all conversant with Canadian affairs is aware of the necessity to overcome our balance of payments difficulties. These difficulties are, I suggest, tied to the fact that we are so dependant on outside capital. Canada, as I said, a minute ago, is only now emerging as a manufacturing nation but Canadians are not heavy investors. It does seem to me that where one has a country which is so much in need of capital for its development and where the inhabitants are perhaps the most cautious investors per capita of any in the world, what we should most look for in budget resolutions is a way in which we can change Canadians into investors rather than savers.

It does not make sense to punish some people for transferring shares—to discriminate between one class of shareholders and another by means which, I suggest, are artificial, particularly at a time when we are overlooking at least one most obvious source of capital. There is nothing in these budget resolutions, I suggest, designed to encourage Canadians to invest more. There is nothing in them designed to encourage Canadian companies to get Canadians to buy more of their shares. I suggest it would be hard to tag a scheme as being mere bookkeeping or more propaganda if there were solid tax incentives allowed to a company which could say that a larger percentage of its shares was actually held by Canadians. We should not look only to the Canadian financial community or to the major trust companies for funds. It does not take a lot of arithmetic to consider that we have four or five million working people in this country and if we could encourage each of them to invest $100 in Canadian companies we would almost halve our balance of payment difficulties.

It may be I am too pessimistic when I suggest $100 per year, or maybe I am too optimistic. I am suggesting that this would provide a large untapped pool and that in the budget resolutions there is not the slightest attempt to get at it. I am aware that the Liberals during the election campaign had a scheme to set up an investment pool owned by the government with the idea of selling bonds to the Canadian people. I am opposed to that for many reasons, one of the principal ones being that I think it would place a large amount of money in the hands of the government which could be manipulated by government advisers to the detriment or disadvantage of industries and businesses in a way I should not like to see. In addition, it smacks to me too much of socialism.

Certainly there is nothing wrong with trying to convert the Canadian workingman into more of a capitalist by encouraging him to own a good percentage of Canadian industry. If I am right in my modest estimate of $100 per person invested by four or five million Canadians and if I am correct in my simple arithmetic that this means an investment potential of $400 or $500 million, and having in mind the apparent cure that this would be for most of our balance of payments problem, I may be forgiven for being somewhat critical of the government for not giving any consideration whatsoever to this in the budget resolutions.

To come back to where I started, I do not know where the minister got it but this conception of punitive measures to try to force people to hold shares rather than encouraging them through incentives is where we go wrong. I do not want to belabour the point too much. However, I suggest to the committee that my idea of trying to get Canadian working people to invest has one more aspect to it in that it does avoid the difficulties of anti-Americanism that showed up in the budget resolutions before, or the suggestion that might now be made that because the Liberals were so silly about putting this in in the first place they cannot now adequately make representations to the United States government to save us from the possible harmful effects envisaged in President Kennedy's message to congress.

We will be much less dependant on the inflow of foreign capital if we generate a lot more of our own. More than that, I suggest that we are going to earn the respect of other countries throughout the world if we learn to stand on our own two feet a little more. The simple fact is that today Canadians are spending a higher percentage of their wages on daily consumption than are most other people. To put it bluntly, Canadians are much more selfish as a people than the people of most other countries in the world. If you want to get ahead and stand on your own feet you must be prepared to make sacrifices. It is the duty of the government to encourage the Canadian people to make these sacrifices. It is the duty of the government to point out

to the Canadian people how helpful this would be, that all they have to do is to invest a little more.

I suggest that any scheme devised to get Canadians to invest more is bound to meet with failure if in the budget resolutions no encouragement is given to them and if in fact this aspect is ignored completely. How, I ask you, are Canadians to understand the basic difficulties of finance in this country if the government is going to ignore them in a budget which they themselves so loudly proclaim is to get the wheels of industry moving again.

I intend to speak on several items where specifically I think the opposite effect is achieved to what is desired. I believe that what is desired is to encourage more Canadian control of industry. It is not my understanding that this is a simple bookkeeping entry or that it is simply to discourage foreign investment. I believe that what the Minister of Finance had in mind was to bring in resolutions which would result in more Canadians investing money in Canadian industry, more Canadians owning Canadian industry, Canadians having a bigger share in Canadian industry, and making it more attractive to companies which now have money invested in Canada to have Canadians taking a bigger part than they now are. But I suggest this is unrealistic unless Canadians are going to dig into their own pockets and buy that percentage of industry. There is no such thing as holding a percentage in a different way in different companies. You might be able to influence things slightly but, boiled down, control and ownership in order to mean anything to the Canadian economy is investment control, the actual number of shares controlled and held by Canadians. We cannot do this until Canadians dig into their own pockets, and I suggest that we take another look at this resolution and encourage the Canadian workingman to start investing more.

Mr. Pugh: Mr. Chairman, I am still a little worried about the use of the words "resident" and "non-resident" as they apply to shareholders and directors in this resolution. When I first asked the minister for a definition of "resident" he said he really did not know. He said later that it would be as the common law would indicate. This would seem to indicate that there must have been a tremendous amount of indecision in actually drawing up the budget resolutions. Since last speaking I have had a chance to look at some legal dictionaries and I should like to quote from The Dictionary of English Law by Earl Jowitt who was lord high chancellor of Great Britain from 1945 to 1951. Under "residence" we find the following:

> This word is used in law to denote the fact that a person dwells in a given place, or, in the case of a person, residence connotes the idea of carried on there: thus, if a company is formed in England for the purpose of carrying on a trade (such as mining or manufacturing) in a foreign country, but its business is under the control of a board of directors in England, the company is said to have its residence in England. In the case of a person, residence conotes the idea of home, or at least of habitation, and need not necessarily be permanent or exclusive. The word denotes the place where an individual eats, drinks and sleeps, or where his family or his servants eat, drink and sleep.

In another volume, Stroud's Judicial Dictionary, third edition, page 2569, the words "reside", "residence" and "resident" are dealt with, and I find the following:

> "Residence" signifies a man's abode or continuance in a place. What is the meaning of the word "resides"? I take it that that word, where there is nothing to show that it is used in a more extensive sense, denotes the place where an individual eats, drinks and sleeps, or where his family or his servants eat, drink and sleep. A man's residence is where he habitually sleeps. "Residence" has a variety of meanings according to the statute or document in which it is used. It is an ambiguous word and may receive a different meaning according to the position in which it is found. The words "residence" and "place of abode" are flexible, and must be construed according to the object and intent of the particular legislation where they may be found. Primarily, they mean the dwelling and home where a man is supposed usually to live and sleep; they may also include a man's business abode, the place where he is to be found daily.

Then, there is a reference on page 2571 which refers to residence as regards income tax acts. There are a number of citations given there. I quote:

> Domicil has here nothing to do with the meaning, for a man can have two or more residences in two or more different countries, but can have but one domicil; "residence", as regards income tax acts, has much the same meaning as in the Representation of the People Acts—

Then, farther along I find this:

> Residence does not only mean residence on land; a residence, even by a foreigner, on his yacht anchored in English waters, suffices for liability to income tax; so also a man employed in Africa whose wife and family in Scotland received the bulk of his salary, was held to be a person residing in the United Kingdom, for purposes of income tax.

What I am suggesting to the minister is that the intention of this act, as expressed by other members, is in all probability to give greater preferment to Canadian investors and also to Canadian directors. I am satisfied that the way the provision is drawn now, without any definition coming from the minister as to residents or residence, practically any person who resides in Canada for even a short time could qualify for the purposes of the provision as it is now set out. The same situation

applies to a director. I feel that the definition which was previously requested should be given. If the words residents or residence are not sufficient, then some other words should be set forth. Would the minister now do so?

Mr. Gordon: I should like to thank the hon. member for what I feel is a very valuable contribution. I feel it is very helpful to have this explanation. I think perhaps he will agree that I was not too far off when I said this was a rather complicated subject. There is a lot of law on it with which I am unfamiliar, not being a member of his profession. I thank him for his contribution.

Mr. Pugh: May I follow that up? The whole question is, do we get a definition or do we not? What was in the minister's mind when he introduced this in the budget, and also in the budget resolutions? We are today supposedly ready to pass this resolution, yet we have not got a definition. What I am suggesting here, as I have said before, is that Canadians get no preferment in any way, shape or form in so far as investment in Canada is concerned. In other words, practically anyone can qualify as long as he has a residence in Canada for ever so short a time.

I believe the same situation applies to a director. I asked the minister before if he had any figures as to the non-Canadian directors now resident in Canada and who are directors of firms which are controlled within the United States wholly or as subsidiaries. It is quite obvious that unless we do get some form of definition of residents or residence, or some binder on that in point of time, then we do not know where we stand at all.

Mr. Gordon: Mr. Chairman, I think the hon. member knows, in fact I am sure he does, that the Income Tax Act has been based on the concept of residence ever since it was first introduced in 1917. It has never been formally defined in the Income Tax Act, but it has been developed through a series of decisions. So far as I know, the whole act is based on this concept and this particular proposed resolution, which will be followed by a bill, follows the conception that has been developed. I suppose I should not say that it was the original concept when the income tax was introduced. There is no difference between residence in this case and residence under the Income Tax Act.

Mr. Macdonald: If I might add to what the minister has said, I would refer the hon. member to section 139, subsection (3) of the Income Tax Act. There has been considerable jurisprudence developed on this particular section and also under the general law. It may be found in the Commercial Clearing-house Service on Canadian Income Tax, in McDonald on Canadian Income Tax—no relation—and the Deboo service, as well as many other services. Not only does the statute provide for this situation but defines the particular situation where a person is resident or non-resident, and that has been fully gone into by the Canadian tax courts. I think the answer to the hon. member's questions could be found there.

Mr. Gordon: I should like to add a word of apology, if the members of the legal profession in the house will not misinterpret it. I understood that the hon. member was a member of the legal profession. I understand now that he is not. If he is not, I apologize for any misunderstanding.

Mr. Pugh: Still a member of the profession, but not practising.

Mr. Woolliams: In so far as subparagraph A is concerned, I should like to put this question directly to the minister. In view of what has been said by other members, under formula A, if you can call it a formula, is it not possible for a foreigner or a group of foreigners residing in Canada, taking the idea of residence from other hon. members, to own a 25 per cent block of shares bought by foreign capital and qualify under formula A? In other words, a person may not be a Canadian citizen, but so long as he is residing in Canada and owns 25 per cent of the voting stock, even if it were brought with foreign capital, he could qualify under formula A. Is that not correct?

Mr. Gordon: Yes, that is correct.

Mr. Woolliams: Well, I put the next question to the minister. Does the same situation not apply to formula B? In other words, is it not possible for a person residing in Canada to own these shares bought with foreign capital, and still qualify under formula B? In other words, this really does not encourage Canadians to make Canadian investments. Is that not the answer?

Mr. Gordon: All I can say is that it is based on residence and not citizenship.

Mr. Lambert: If that is the situation, then I fail to see what the minister is trying to get at with this particular clause, this provision in the budget. If the purpose of the budget is to encourage Canadian participation, Canadian investors, in equity stocks, then residence, I put to the minister, is not the criterion. There are too many loopholes. All you have to do is have a company, a foreign company, and this applies whether it is British, French, Belgian or otherwise, or even in the West Indies where you have income tax at 2 per cent, and have the officers of the company residing here to

carry out the functions of directors. I know some companies that are domiciled there, and how they invest in Canada. The capital comes from there. All they do is send out officers of these companies who are residents while they are carrying out the functions, and the instructions come from the foreign firms; but they own the shares in the provincial companies that are established here, and these particular companies qualify for these exemptions.

It is true enough that the minister is encouraging investment in new facilities. That may be an incentive, but on the other hand I tell him in all sincerity that I do not think with this provision he will encourage Canadianization of equity capital if he is going to limit it to a residence qualification, because a residence qualification means nothing.

I suggest that if he wishes to guarantee the same end by introducing the concept of citizenship, then we would get somewhere more in keeping with the stated objectives of the budget.

Mr. Gordon: That is a point of view. My own view is that that would be going too far at this stage.

Mr. Woolliams: I would like to put the same question once again to the minister. Under formula A is it not possible for a foreigner, or a group of foreigners residing in Canada, who own a 25 per cent block of the voting shares bought by foreign capital, to qualify? In other words, that section does not mean anything so far as the objective of the budget is concerned.

First of all, it does not encourage Canadians to invest. It does not have to be Canadian capital. A foreigner residing in Canada can buy shares with foreign capital from another country, and he qualifies. Surely that is not the spirit of the budget?

Mr. Gordon: In the first place, as the hon. member will see if he reads this carefully, under A it must be beneficially owned; so if people buy these shares with money supplied by a foreign corporation they would not be beneficially owned. Second, under B the point is very simple, that this gives all Canadians a chance to buy these shares, if 25 per cent are available and are listed on a stock exchange. They will not have to buy them, but they will have a chance to do so.

Mr. Woolliams: They have a chance to buy the shares now.

Mr. Gordon: No.

Mr. Woolliams: They have the chance to buy the shares in the gas line company in Alberta.

Mr. Gordon: It was the hon. member for Edmonton-Strathcona, I think, who referred to General Motors of Canada. I would like to know who has a chance to buy a share in General Motors of Canada?

Mr. Woolliams: A lot of Canadians own General Motors stock.

Mr. Lambert: The minister has referred to stocks that are listed, but there are a lot of companies in Canada that are private companies. I will not say there is a majority, but this applies to private companies as well. I would suggest that the real equity development in this country comes first of all from privately owned companies.

Mr. Gordon: That is a matter of opinion, and if you took the totals your opinion might not be supported, but the private companies come under clause A.

Mr. Horner (Acadia): There has been an interesting discussion with regard to this resolution and we have dealt in general terms with the budget. In the last few minutes I think my cohorts got down to the gist and the meat of what is meant by this resolution, but first of all I would like to say a word or so of general comment with regard to the whole aspect of what we thought might be in the resolution and of what we had hoped would be in it.

The people of Canada were led to believe that our economy was stagnating in 1962 and early 1963. This is what the Liberal party told them, and the members of that party said they had to get the economy rolling again. I looked for something in the budget that would stimulate the economy and not hinder it, not drag it back, not control it and not limit it. To my amazement I found controls, limitations and hindrances and now, in dealing with this particular resolution, we see a great deal of nonsense because all the differentiating between paragraphs A and B is causing concern among companies and will accomplish very little for Canadians.

In 1962 we had a growth rate of 8 per cent in the gross national product. We were told this was not enough. We were also told unemployment was too high, and when the budget came along we looked for something which would increase Canada's growth rate and decrease unemployment, which were the announced intentions of the budget. But what do we see? We see an idea that Canadians should re-invest in Canada.

There are two ways through which this can be effected—through incentives and encouragement, or through controls and force. It reminds me of the old saying that you can lead a horse to water but you can't make him drink; and this is something of which the

minister should be well aware, because he tried several ideas in his budget. He has withdrawn some of them, and he is finding out that others will accomplish very little.

We see a great deal of confusion on the part of the government this afternoon with regard to the actual interpretation of the first part of the resolution. I think the hon. member for Bow River was quite correct when he said all one has to do is reside in Canada and own 25 per cent of a company to get the advantage of this part of the resolution. One does not have to become a citizen and take an active part in the development of the country, and there is no specified length of time for residence. As the hon. member for Bow River pointed out, many Americans are already residing in the city of Calgary.

The minister, when he was asked how the differentiation would be made, said 25 per cent of the voting shares would have to be beneficially owned. As I interpret this, it means it will be his decision to determine whether they are beneficially owned, and certainly if a person, company, association or group of persons have 25 per cent of the voting shares of a company operating in Canada we would hope it would be operating beneficially for Canada, and of course beneficially for themselves. These two tests, differentiating the way in which shares are held, actually amount to no real test. They give the minister very little guidance in using his judgment as to whether or not any given company is beneficial to Canada.

This is the way I interpret his remarks in this regard. He has tried to explain resolution No. 1 to the committee. He has done nothing but confuse the issue by perhaps not knowing just how these two tests will apply. The examples of Ford and General Motors have been used. One of these companies, under his category, is a good company and the other is bad. Surely the workers at General Motors feel they are getting paid just as well as those at Ford. In fact, perhaps there is more employment with General Motors than there is with Ford. They are both competing and making the same type of product, and surely if we are to tax either, they should be taxed on an equal basis. These companies are in the same business, employing the same number of people. I am sure the hon. member for Ontario, in whose city General Motors carries out its business, would have to say—and I am sure most of the residents of the city of Oshawa would have to say—that General Motors is very beneficial to Canada, Ontario and Oshawa.

How can the minister justify trying to bring about legislation and enactments under the Income Tax Act which will create in his mind the good and the bad boys, and then it will be left to him alone to determine which company is good and which is bad. There is no real difference, as the hon. member for Bow River pointed out, between A and B, in a sense, in many cases. It is solely up to the minister to decide who is good and who is bad. I can remember that a few years ago, when there was certain legislation which the government was attempting to enact, with regard to which the minister was given discretion, the then opposition took strong exception and said the minister was given too great a prerogative. This resolution certainly gives the minister a far greater prerogative. All these resolutions hinge upon the minister's decision as to what is beneficial and whether or not a company meets his two tests, which are in a sense one test.

It was suggested earlier that resolution No. 1 should be stood. I wholeheartedly agree, because even the minister and his officials are not clear as to how it would apply; they are not clear about its administrative effects. This is not the first time the minister has brought in items which he has not thoroughly thought out. The whole budget of June 13 has become a shambles because this has been withdrawn this, that and the other have been changed. We have seen that on June 13 he made part of paragraph 4 retroactive to April 10, 1962. Now he takes the retroactive part away. He says, "We have to take this away now; certain companies might benefit". At page 1498 of *Hansard* he said they had to make it retroactive to April 10, 1962 because some very complicated drafting would have to be carried out if it were to be made effective on the day of the presentation of the budget. He now makes it effective on June 13. I did not see any of the complicated drafting that he said was necessary on June 24. However, the minister seems to have that faculty which is given to most of the fairer sex, of being able to change his mind at will and often enough to keep everybody in the country, including the officials, in a state of flux, in a state where they hardly know where they are with regard to the budget, with regard to these income tax resolutions, with regard to whether or not the economy is being asked to forge ahead or stagnate.

I suggest, Mr. Chairman, that these resolutions, together with other parts of the budget, will do nothing to stimulate the economy or promote employment in the country. They will cause unemployment and bring about a loss of investment in the country, which will come anyway because of the recent announcement by President Kennedy as to taxing investment in Canada by United States persons. Certainly we see nothing in this particular resolution which will aid the economy. I agree with other

hon. members, and particularly the financial critic of the opposition, who said that this resolution should be stood at least until the minister becomes clear as to where he is trying to go with this basic idea that Canadians should invest in Canada. We certainly agree with the principle that Canadians should invest in Canada, but you cannot force them to do so; you can create the incentive for them to invest. Without fully thought out suggestions, without fully thought out budgets, without fully thought out income tax resolutions this house can hardly be asked to pass these measures when the minister and the officials are not certain what they mean by them. I suggest that this resolution be stood at least until the minister becomes clear on it and can clarify the position to the house and the country with regard to where he wants this particular theme of his projected across the country.

Mr. Fisher: Mr. Chairman, I wanted to raise a very small difficulty or problem that has been put to me and ask the Minister of Finance something about it. I have had complaints from several small accountants, people who do work in smaller towns for individual taxpayers in preparing their income tax returns and also do considerable work for small businesses which happen to be incorporated companies, that one of the effects of these regulations will be to deprive them of a considerable amount of work, in that it will concentrate in the same season of the year, the same time, the activity that in a sense they have been carrying on throughout the year for these small business organizations.

I do not know how important this is, but it was put to me that it was another example of the kind of regulation that will cause no immediate hardship, after the first instance, to the large corporation which has at its disposal a well geared financial reporting organization. It will cause no disadvantage, and indeed it will be of assistance, to chartered accountant firms which are large in size, which have a number of employees, juniors and people whom they are training. But for the individual accountant, or the person who may not be qualified as an accountant but is making his living through doing this kind of work, usually with some kind of banking or clerical experience, this is going to be a very severe blow, the kind of blow that perhaps will not be felt in the big cities but, let us say, amongst the small business people across the country.

I do not know how significant is this criticism, but the bitterness with which it was expressed suggests to me that perhaps the minister could give some indication as to whether the effect of this has been considered and just how important or telling the criticism may be.

Mr. Gordon: Mr. Chairman, the point the hon. member has raised has to do with paragraph 15 of the resolution. I have received a number of representations on this point. The objective of the clause, as the hon. member pointed out, is to get the money in earlier rather than to make life complicated for the people who make up the return. I am looking into the matter and hope to be able to do something about it.

Mr. Monteith: Mr. Chairman, on the issue of the small town accountant to which the hon. member for Port Arthur referred—I think I know to what he was referring—I was pleased to hear the minister say that he proposes to do something about it. Also, as a small town accountant I have come to one very sincere conclusion, and that is simply that ownership cannot be legislated for. I do not believe it is possible to do so.

There are one or two questions I should like to ask the minister concerning the actual application of this section. For argument's sake, let us say some machinery or plant is purchased within the two year period. The company is to be limited to writing off this machinery and plant over a period of two years. I think the minister said this morning that it would not be necessary for the firm actually to write it off over a period of two years; but I am wondering, for argument's sake, if a new firm, which normally would not show a profit in the first year or two, chose not to write it off, what would happen at the end of the two year period? Would they then be able to write it off under the terms of the act as they now exist, or could they write it off at 50 per cent a year, presuming that they did not wish to start writing it off until after the end of the two year period?

Mr. Gordon: Mr. Chairman, I was interested in hearing the hon. member refer to himself as a small town accountant, or an accountant from a small town. I seem to remember that at one time he and I were students in the same firm and he did not give any indication then that there was anything "small town" about him at all. In fact, just the reverse.

Mr. Monteith: Do not give away secrets.

Mr. Gordon: I will not give away any more secrets, but I remember that life was very pleasant in those days. Let me assure him on that point. As I said to the hon. member for Port Arthur, this matter is under study, and probably before the bill comes along we may be able to do something about it. With

regard to the second point he raised about the depreciation or the capital cost allowance, if somebody does not choose to write it off at that rate over the first two years then they can write it off as fast as they like afterwards.

Mr. Monteith: They can still write it off at the end of the two year period, and following the end of the two year period?

Mr. Gordon: Yes, as long as the investment has been made in this period.

Mr. Greene: Mr. Chairman, on the point made by the hon. gentleman opposite with respect to changing the concept of the Income Tax Act from one of residence to one of domicile or citizenship, I would point out that this would also involve persons who were resident in Canada but were not citizens or domiciled here, but who would be able to live here, earn their incomes here and pay no income tax. I trust that our hon. friends opposite are not trying to create a state of preferred citizens in this way.

Mr. Lambert: In reply to that, I think the hon. member for Renfrew South was referring to my observations in this regard. I am not suggesting that under the general concept of the Income Tax Act we should remove ourselves from the residence provision, which says that everyone who is resident in Canada for a period of 183 days or more is thereupon subject to income tax. There may be some other exceptions in the fine print of other regulations which may catch other persons; but what I am concerned about is this: Bearing in mind the objectives of the budget, the incentive to invest in new facilities can apply to anybody. That I accept. But the further objective of encouraging Canadian investment I do not think is accomplished by the wording of this resolution or this requirement. You could have a person who was a citizen of the world who could bring in capital, which capital could be hidden. I noticed that the parliamentary secretary was dubitant, shall I say, that the matter of beneficial ownership would cover this. But let me assure him that it is quite easy to hide true ownership. Certainly from my three years connection with the Department of National Revenue I know that the minister and his able senior civil servants in the department had not the personnel to delve into all these cases and really track them down. As a lawyer I can assure the hon. member that capital can be hidden. Remember that we are giving certain people an advantage in the act. In order to qualify for this advantage, why would you not require that it be limited to citizens if your objective is the Canadianization of equity holdings in Canadian corporations? In order to gain this advantage, surely to goodness one has to put up something too. That is my point.

Mr. Monteith: I should like to ask the minister one further question on this business of the actual write off. Frankly, not having been in practice for some years I have forgotten the appropriate term, but I will put it this way. When you have written off a new piece of machinery in two years and you then choose to sell that piece of machinery or trade it in, what happens to the capital value?

Mr. Gordon: It is subject to recapture. I do not know whether that is the term that is used, but that is what it means.

Mr. Monteith: One other question on paragraph 1(b), which says:

> —a corporation that on the last day of the year was a corporation with a degree of Canadian ownership and control.

Then it goes on to explain the ownership and control, and so on. What would happen if, for argument's sake, a company which had been a United States partnership were in Canada and it was not a corporation?

Mr. Gordon: That would be dealt with under 1(a).

Mr. Woolliams: Mr. Chairman, there was some discussion between the minister and myself this afternoon with reference to the statement that if we had less than 3 per cent unemployment he would take issue with me. I should like to put on record what his exact words were in "Troubled Canada". I might say in respect to the minister that he showed me what he said in the Gordon report.

An hon. Member: Who is the author?

Mr. Woolliams: The author, of course, is the present Minister of Finance. Starting on page 3 he says:

> Our primary aim, therefore, which for the time being should take precedence over all other objectives no matter how desirable they are, must be to stimulate and encourage economic activity throughout Canada, to re-establish a satisfactory rate of annual growth, and to restore high levels of employment.

All those aims are very honourable. Then this is the paragraph:

> This does not mean that every single man and woman in Canada would be employed every day all through the year.
>
> There will always be some people who are in the process of changing jobs or who are engaged in seasonal pursuits or who have decided not to work for a few months for some reason or another, or who come under the category of "unemployable".

After saying that he said this—and I think you have to read that with this:

> If the number of people without jobs for these reasons could be reduced to even 3 or 4 per cent

of the total working force, this would mean that only half as many people would be out of work as in 1960. This would be a great accomplishment.

In other words, he says there will always be people who are changing their jobs, who are out of work because they follow seasonal pursuits or who refuse to work for one reason or another. For example, a man may have worked on a big construction job in the summer and decides to draw unemployment insurance in the winter. Note what the hon. gentleman says, that it would be a great accomplishment if the number of these people were reduced by half. In other words, if this could be done he would be satisfied.

Some hon. Members: Oh, oh.

Mr. Woolliams: Well, if he does not say that, it is a matter of interpretation. I have at least put on record what he said in his book, "Troubled Canada".

Mr. Gordon: I am delighted to have it on record. What I was saying at that time was that if unemployment could be reduced by 50 per cent it would represent a great improvement. If it could be reduced by 75 per cent it would be a still greater improvement.

I wonder if I might refer to something which was said earlier about any possible connection between the budget resolutions we are now discussing and the recent proposals of President Kennedy. I think all hon. members would like to know that the state department has formally denied today that President Kennedy's proposed tax on the purchase of foreign securities by United States citizens and residents is a retaliatory measure against Canada. Mr. Robert J. McCloskey said that in Canadian circles there had been some suggestion that the Kennedy measures were directed specifically at Canada or had been taken in retaliation for the action proposed by the Canadian authorities earlier. This is absolutely not the case, Mr. McCloskey said.

The Chairman: The hon. member for Port Arthur.

Mr. Woolliams: I should like to make one remark to the minister with reference to what he said about unemployment.

Mr. Fisher: I will yield to the hon. member if continuity requires it.

Mr. Woolliams: Actually, I had two things I wished to say. I heard over the radio today that there are 30,000 more people unemployed in Canada today than there were a year ago. That information seems to have come from the dominion bureau of statistics.

With regard to the position some of us took on this side on this question of possible retaliation as far as the United States administration is concerned, what I, myself, said was that the action taken by the hon. gentleman would make it more difficult to negotiate with the United States administration with reference to the new proposed tax. Having taken the position we did in the budget we can hardly go along and say to the United States government: This measure is going to make it very difficult for Canada; it is likely to increase unemployment here and make it harder for us in one way or another. There is no doubt it will be more difficult for us. For example, we only have to look at what happened to bond issues today. I think they fell four points. It will be much more difficult now for the Minister of Finance to negotiate with the administration and say: please take this tax back. After all, we planned to do to them something which was worse than what they now plan to do to us.

Mr. Greene: May I suggest that the hon. member's party is hardly the party to tell us how to negotiate with the United States.

Mr. Nowlan: The hon. member for Renfrew South obviously does not know what he is talking about.

Mr. Fisher: I wanted to ask the minister a question about the over-all intention of these resolutions in trying to do something about Canadian ownership. I have not been able to find any statement by the minister regarding the problem raised by mutual funds and mutual fund companies, so many of which are operating in Canada with aggressive sales forces under United States control. The principle which seems inherent in mutual funds operations is that because of the need to keep shifting and balancing their portfolios and also because of certain regulations it is not the policy of mutual fund groups to exercise any ownership claim in respect of their shares in terms of controlling management policy.

As I understand it, these groups are becoming increasingly important in the investment market and their business has been expanding rapidly in Canada. I wonder whether the minister or his officials have considered at any time in the preparation of this budget whether this denial on the part of mutual funds or holding companies of their right to exert in certain circumstances their ownership privileges is, at the same time, a denial of the intent inherent in this legislation. Also, is it not the case that here the government has perhaps an opportunity to find a vehicle which might be used for Canadian ownership purposes as seems to be intended by this act?

I am interested in this matter because we advocate some kind of Canadian development

fund which, I understand, is within the framework of the thinking of the minister himself. In essence, if we have a development fund we are tapping the potential for equity investment in Canada today and doing it through these mutual investment funds, and it would seem to me there is an opportunity here, and I should like to have the minister's comments.

Mr. Gordon: I am afraid I am not clear what the point of the hon. members question is. If he is talking about mutual funds, they would qualify under this proposal if 25 per cent of their stock was listed and available for purchase by Canadian investors. I do not know if that was his point or not.

Mr. Fisher: That was part of it, but my point was that these companies are important and also vulnerable, since ownership does not mean anything in terms of the actual management of companies. What they are interested in is the income, not management policy.

Mr. Gordon: I am not sufficiently familiar with mutual funds to know what the significance is of the difference between the ownership and the management contract. I presume that in the final analysis the owners must be able to change the contract unless it is a very long term contract. I just do not know. I would be glad to talk to the hon. member later or now, but I do not think there is very much more I can add at this moment.

Mr. Lambert: On this particular point, I am rather pleased that we have come back to the question of mutual funds or the participation of Canadian investors in American or foreign controlled mutual funds which have investments in Canada. This is a point which I think creates some difficulty, and it is quite conceivable that the minister may have the answer.

Let us assume that company X is a public company resident in Canada and operating in Canada, and it desires to avail itself of the benefits proposed in the first paragraph with respect to depreciation. Part of the shareholdings are taken up by a mutual fund in which Canadians participate. However, the mutual fund is an American or foreign investment group. How does this company qualify under this provision? I do not know whether you are going to go one step beyond by looking at the ownership of the mutual fund.

Mr. Gordon: It qualifies under section B if its stock is listed on a Cnadian stock exchange, irrespective of who owns the stock. It does not matter who owns it. If it is listed on a Canadian stock exchange, then Canadians have an opportunity to buy the stock at some price, and under those circumstances it qualifies. But it does not matter whether there is a mutual fund or any other owner of the shares.

Mr. Lambert: In other words, it is the listing that counts.

Mr. Nowlan: Is that not the solution to the minister's problem? Is it not the listing which will accomplish almost as much as any of these other qualifications? I was rather intrigued a moment ago by his reply to the hon. member dealing with when this depreciation should be taken. Frankly, I thought it had to be within the first two years. I guess I have not read the section very carefully.

I listened to the minister this morning and he said, I think quite properly, that there was need for the improvement and modernizing of industrial plant and equipment and that this was an incentive to that end. It was my impression that the incentive was going to be on a do it now, do not wait, basis. But now we are told that, provided they buy up, they can take the depreciation at any time. Obviously the provision is not an incentive for employment because the only people who can get the benefit of this are those who qualify under these technical provisions in so far as control is concerned. It is not to improve over-all employment as it would be if we gave an incentive to General Motors and Ford, such as I mentioned a few moments ago.

Frankly, I am wondering now just what the intention of the section is after the dialogue, shall I say, that we have had back and forth during the day. I am not clear in my mind as to what the intention is. As the hon. member for Edmonton West said a moment ago, could not the same thing be achieved by saying that the company must be registered or listed on a Canadian stock exchange? I think the minister would accomplish almost as much as he would by these various qualifications.

Mr. Gordon: I am sorry if I did not make it clear to the hon. member. The incentive and the urge are to encourage these particular companies to increase their investment in plant and machinery, and naturally in the process to do two things, to modernize their plants and to provide employment either in the primary or secondary sense, either in their own plants or for the people who build the plants or produce the machinery. The objective and intention are to get this work done within the next two years. The purpose of that, of course, is to provide more employment within the next two years. The incentive that is offered is a 50 per cent

write-off, but the date when the write-off is taken does not make much difference as long as the work is done within the first few years. That is the first point that the hon. member raised.

As to the second point, the people who qualify for this will be either, under A, those companies where there is a 25 per cent beneficial ownership in Canada or, B, where Canadians have the opportunity to acquire up to 25 per cent. That means that the stock must be listed on an exchange and that no single parent company or groups of parent companies should control more than 75 per cent. The theory behind this is that if there is 25 per cent around, Canadians can buy it at some price.

Mr. Nowlan: Could I ask the minister a supplementary question in connection with depreciation? Was consideration given to allowing the special depreciation write-off for machinery or equipment of a class or kind made in Canada rather than on the very general basis set out here? I suspect there might have been some consideration given to that and I am wondering what comment the minister has to make.

Mr. Gordon: It could be done that way, but if one of our objectives is to see that Canadian industry becomes as efficient and modern as possible I think it perhaps would be unwise to limit this incentive just to machinery of a class or kind made in Canada. I should like to see more machinery made in Canada, as I am sure the hon. member would; but there are some kinds of machinery that we all know are not obtainable in Canada and yet our industry will need the best machinery in the world if it is going to be able to compete with other countries in the world.

Mr. Lambert: With regard to the acquisition of plant or equipment, does this mean a firm contract for purchase and delivery maybe two years and six months hence, or must it be delivered and installed before the second anniversary? You can enter into a firm contract for the erection of a very complicated industrial plant, say an oil refinery or something of that nature, which takes more than two years to plan and instal.

Mr. Gordon: I think the test is the acquisition of title.

Mr. Nugent: Mr. Chairman, if I can change the point a little, the minister mentioned the statement by the United States state department that their action was not a retaliatory measure. The mere fact that they should feel it necessary to issue such a statement rather alarms me because I am one of those who talked about the effect our proposed action might have had on the Americans, and I certainly did not want anything I said to be construed that way by the Americans or anyone else. I know that my leader took the same position and I am sure from what he said that it was not to be construed that this could by any stretch of the imagination be taken as a retaliatory measure or that the Americans were being accused of this.

When there is this sort of misunderstanding I think it is necessary that I should say something about it, because I know that too many statements made by this party have, in some inexplicable way, been construed as anti-American when they were not intended to be. Just to set the record straight I should like to explain to the house and to our American friends that the action taken by them is not considered by us or anyone else, I am sure, as retaliatory. I wish to make it clear that my remarks about the action we took having misled the Americans in some way meant only that I can understand that the government, having brought in such measures, might have misled the Americans to believe they could have been mistaken about any harmful effects they might have foreseen in their legislation, or we would not take this sort of action. The United States may say we prepared for this sort of thing. My hon. friends may say to the United States, we are going on a new facet of investment handling on both sides. We have our own reasons, which again mislead the United States into believing that these harmful effects would not prevail.

Then, next, I made this point very clear, for which I hope I may be forgiven, that the government, having made an initial mistake and having put in this measure originally, and then having to withdraw it because it was going to be so harmful to us and because it caused so much resentment in the United States, just indicates that this government had so little understanding or was so callous of the effect it had on the United States that this government was put in the position where it had practically tied its hands in trying to explain to the United States how harmful President Kennedy's proposal might be.

This is so on the following grounds: One, that this government had no hesitation in doing something similar and, two, this government had so little understanding of it that it would do it anyway. Therefore, any protest made by this government might arise out of that same sort of ignorance of the consequences, and this could have done nothing but weaken the position of this government in making its protestation. I am sure that in all of this there is nothing our United States friends can construe as any accusation whatever that it is retaliatory. In fact, I thought

the explanation we made was explanatory of the United States action, and how the action of this government could have resulted in what might, at first blush, be taken to be a sort of anti-Canadian action by the United States. We did not call it anti-Canadian; we were merely explaining what this government might have done to lead the United States into thinking this would not harm us, and why this government is not now in any position to adequately explain our position to the United States.

Mr. Gordon: I wish to assure the hon. member for Edmonton-Strathcona that I did not mean to imply that any of his remarks had made a particular impact on President Kennedy or even on the controller of the treasury. I do remind him that just before one o'clock I went out of my way, in referring to the remarks of his leader, to say that I was quite certain that the Leader of the Opposition had not in any way said anything that could have been interpreted in that way, or if he had, he had not meant it. I think perhaps, therefore, we can let the matter rest there.

I suppose that by this time most hon. members know that there have been reports from Washington, I do not know how authentic they are, that the treasury has said the measure will not come into effect now until August 16.

Mr. Monteith: You have company.

Mr. Gordon: There are various suggestions that the measure will be modified, changed, clarified or amended as sometimes happens with complicated measures of this kind. I think, too, hon. members will know by this time of statements made by the state department in answer to any suggestion that this measure was in any way retaliatory. I can assure my hon. friend from Edmonton-Strathcona that this government is in an excellent position to negotiate with the United States on this and all other matters.

Mr. Nowlan: Obviously, Mr. Chairman, they have so much in common in shifting and changing their ground with respect to financial matters that they are, perhaps, in a very good position to negotiate on these things.

I should like to go back to a question I raised with the minister a few moments ago. I gathered from him that the primary objective of this measure was the renovation of Canadian plants and equipment. I did not have that impression when we started. I thought the objective was to increase employment and to provide for Canadianization. I understood that it was, also, indirectly to provide for the renovation of plants and equipment. Then, the minister made it very plain, I think, that the primary objective of the provision in question, as he told me a few minutes ago, was the renovation of plant and equipment.

If that is the case, I cannot understand why it is tied up with the necessity for a degree of Canadian ownership. It may be, of course, that the subsidiaries are so wealthy that the parent company need not put up the money. However, I believe there are a good many here who cannot. I do think it is unfortunate as a matter of tactics, and I do not say this critically, that so far as the incentive is concerned the depreciation is tied up with Canadian ownership. We could have dealt with it much more quickly than we have if the depreciation had not been tied to a degree of Canadian ownership. The minister says the purpose of the section is simply the renovation of plant and improving the efficiency of Canadian industry. If it is, then the provision should apply to all companies in Canada, whether they are owned by people in the United States, the Dutch, Germans or Canadians.

I suggest again that there must be a dual purpose in this provision. If a company obtains what we term a degree of Canadian ownership, then it is going to get this and if it does not it will not. This vitiates entirely the argument of the minister that the primary purpose of this provision is to improve efficiency. If you are going to Canadianize these firms, that is one thing. Let us say so. Let us not say it is to increase renovation, and then tie that up with this other matter which, so far as I am concerned and a good many others on this side, is not a happy move. We do not like to accept it. If it had been purely a matter of depreciation, and if it had not been tied up with this description of Canadian ownership, then the provision would have gone through much more quickly.

The Deputy Chairman: Does this complete discussion on paragraph 1?

Mr. Monteith: Six o'clock, Mr. Chairman.

Progress reported.

BUSINESS OF THE HOUSE

Mr. Churchill: Will the house leader let us know what the program may be for next week?

Mr. Pickersgill: Mr. Speaker, I think perhaps I can put it very simply; budget resolutions and still more budget resolutions and then the bills. When these have been completed, I will be able to satisfy the hon. gentleman's curiosity about other matters.

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

APPENDIX

STATEMENT BY
THE MINISTER OF NATIONAL HEALTH AND WELFARE,
HONOURABLE JUDY LAMARSH
RESPECTING THE CANADA PENSION PLAN

JULY 18, 1963

The purpose of the government's proposed legislation is to ensure that, as soon as is possible in a fair and practical way, all Canadians will be able to retire in security and with dignity.

The advantage of a federal plan is that it is the only type of pension plan that can be made available comprehensively to all Canadians. This was recognized in 1951 when the British North America Act was amended. The Canada pension plan is comprehensive in this sense. It will mean that a contributory program is available to Canadians to provide for their old age. Coverage will be compulsory for, broadly, all employees; such exceptions as are made will be for those types of employment in which the collection of contributions is not administratively feasible. Most other people having earned incomes—broadly, the self employed and the majority of employees not covered compulsorily—will be able to belong to the plan voluntarily. If a provincial government wishes, its employees will be covered.

The Canada pension plan is not intended to be comprehensive in any other sense; it is not designed to provide all the retirement income which many Canadians wish to have. This is a matter of individual choice and, in the government's view, should properly be left to personal savings and to private pension plans, subject in the latter case to such degree of supervision as the provinces may think appropriate. The recent Ontario legislation is the first example in Canada of an attempt at close supervision of private plans.

The purpose of the Canada pension plan is to make reasonable minimum levels of income available to all Canadians at normal retirement ages. There will be scope for the continuation and extension of private pension plans to provide benefits over these minimum levels.

The present minimum provided in Canada is the old age security benefit of $65 a month from age 70. Unfortunately many people are unable to go on earning until they reach age 70.

Realistic minimum levels of pensions cannot be achieved, in a country like Canada, simply by increasing the flat rate pension. Living costs vary greatly between town and country, and between different regions of Canada. What people need, in order to make satisfactory provision for retirement, is related in part to the level of earnings to which they have been accustomed. The Canada pension plan will therefore both increase the flat rate benefit and provide new levels of pensions related to previous earnings.

Main Features

The Canada pension plan will make these main changes in the provision of pensions:

1. The flat rate pension will be raised to $75 at age 70 for everyone who meets the residence requirements of the Old Age Security Act.

2. People whose pensions begin after the plan is in operation will receive, if they have made contributions under the plan, a further pension in proportion to the earnings on which they have been contributing. The scale of pensions will rise during a ten year transitional period.

3. The increased flat rate pension and the earnings related pension will both be available at any age between 65 and 70, according to the preference of the pensioner. The amount of both pensions will be graduated so that anyone with average life expectancy will receive the same total payment, from the age he starts his pension to the time he dies, whatever starting age he chooses.

The main features in the financing of the plan are:

4. Since the new benefits will be related to earnings, the Canada pension plan will be financed by contributions of a percentage of earnings. The rate of contribution during the ten year transition period will not exceed 2 per cent of the earnings on which contributions are made. For wage and salary earners, the employer will be required to pay a half of this contribution.

5. Initially contributions will be made, and benefits will be paid, on the first $4,000 of annual earnings. This level will be raised in line with any increase in average earnings.

6. Contributions will be deductible from taxable income. This is the same as for private pension plans.

7. The Canada pension plan will be entirely self financing. The contributions are designed to cover all pension costs over and above the continuation of the existing $65 pension at age 70. The cost of administration will also be covered from the contributions.

Timing

It will take a good part of a year to set up satisfactorily the administrative machinery for collecting contributions under the plan. Graduated pensions cannot be paid until the contributor has a record of earnings as the base for determining the rate of benefit. Graduated pensions will therefore begin in January 1966. Contributions before this date will be used to finance the earlier addition of $10 to flat rate pensions.

In January 1966 two things will happen. The plan will begin to provide pensions related to earnings. People will become able to start drawing pensions, both flat rate and earnings related, before age 70.

Until the plan is ten years old, pension rates will build up steadily. In 1966 the graduated benefit at age 70 will be $10 a month for anyone who retires after contributing on earnings of $4,000 a year. For anyone retiring in 1967 the maximum will be $20 a month, and so on until the top rate of $100 a month is reached after ten years. For people with lower earnings, the benefits will be proportional to these. The flat rate pension of $75 will, of course be available in addition to the graduated benefit. The amounts available in total pensions will therefore rise from $75 to people already retired to $175 for contributors with average earnings of $4,000 in 1975.

Financing

The Canada pension plan will not build up a huge investment fund in the hands of the federal government. Instead, it will be financed on a pay as you go basis. The money received in contributions will in most years approximately match the money paid out to pensioners. While the program will operate with a contingency reserve, in order to avoid short run fluctuations in contribution rates, this reserve will normally be small by comparison with the size of the annual payments.

This method of financing is a fundamental difference between a public pension plan and private plans. While full funding may be provided under private pension plans, it is not the practice in government old age insurance programs. Indeed, full funding on the scale of a nation-wide plan would be a quite excessive form of saving enforced by the state.

The practical consequence is that this plan can provide benefits within a few years—to people whose working lives are already well advanced—whereas a private plan ordinarily provides good pensions only to people who join the plan when they are quite young.

Contributions under the plan will not be required before the age of 18. They will stop at whatever age, between 65 and 70, a pension benefit is taken.

The initial contribution rates will be adequate for the financing of the plan through the transition years. The rate will slowly rise for about a generation afterward, as the plan matures and an increasing proportion of people have retired at the full rate of graduated pension.

The ratio of benefits to contributions is especially favourable for those who retire during the transition period. It is therefore reasonable during this period to assess the voluntary contributor at or close to the combined employer and employee rate. However, after the program has been in operation for a period of time and adjustments have to be made in contribution rates, the rate paid by voluntary contributors may be less than the combined rate for employer and employee.

Calculation of Benefits

Pensions are to be 30 per cent, adjusted if the starting age is before 70, of "what a man has been earning."

This obviously cannot mean what the pensioner earned in, say, the last year or even few years before beginning the pension. That would be very unfair to the man who suffered sickness or unemployment in the last few years before retirement. On the other hand, the pensioner cannot be allowed to pick the best year or few years of his earnings record; that would excessively favour the man whose earnings have been erratic and it would tempt voluntary contributors to contribute only in good years.

The pension benefit will therefore be based on the man's average earnings from the effective date of the plan to the time when he starts to draw his pension. These earnings cannot, however, be used without adjustment. To do so would mean that, as the general level of earnings rises over the years, there would be a widening span between earnings recorded in the early years and those shortly before retirement. The pension benefits paid

would therefore be a declining proportion of "what a man has been earning" shortly before retirement.

Accordingly, for calculating pensions, earnings will be adjusted in line with changes in the general level of salaries and wages. The current average of salaries and wages in Canada is about $4000 a year, the ceiling chosen for earnings under the Canada pension plan. This ceiling will also be adjusted with changes in the general level of wages and salaries. The pension program will therefore permanently provide a satisfactory standard of pensions for people with earnings up to the average level.

If a man starts his pension in, say, 1970, "what he has been earning" will be calculated by averaging his actual earnings in 1969 and, for each earlier year, his earnings adjusted by the change in average salaries and wages between that year and 1969. In other words, all his earnings will be put on a 1969 equivalent.

The use of average earnings would excessively penalize people whose earnings in some years are abnormally low because of sickness and unemployment. This will be overcome, to a reasonable degree, by excluding a man's years of lowest earnings from the calculation of his average earnings. Also, for each year beyond 65 that a man continues to work, he will be able to exclude, from the calculation of his average earnings, an additional low year. This will provide quite a powerful incentive to go on working after 65 for the man who is able to do so, without any large reduction in pay.

The graduated contributory and flat rate universal pensions will be paid to beneficiaries in one cheque. At existing wage levels the total pension available to a single person at age 70 will range from $75 to $175 monthly, as indicated in the following table:

Combined Pensions Available to Single Contributor at Age 70, by Average Monthly Pensionable Earnings

Average Monthly Pensionable Earnings	Monthly Pension Payable		
	Graduated Pension	Flat-rate Pension	Combined Pension
$	$	$	$
100	30	75	105
150	45	75	120
200	60	75	135
250	75	75	150
300	90	75	165
333	100	75	175

Adjustment for Age

Pensions drawn before the age of 70 will be reduced by a small percentage for each month between the date when the pension starts and the date of the pensioner's seventieth birthday. For anyone who takes his pension at the earliest opportunity, when he reaches 65, the pension received would be 32.5 per cent less than the pension he could have claimed at age 70. This reduction at ages between 65 and 70 would be proportional to this.

Anyone who is eligible for both the flat rate and the graduated pension must choose the same age for starting both.

There will be no retirement test. A man may start drawing the appropriate rate of pension at any time between his 65th and 70th birthdays, whatever his other earnings. Once he elects to draw his pension he cannot go off pension for a while and then come back on at a higher rate.

At existing wage levels the total pension available to a single person at age 65 will range from $51 to $118 monthly, as indicated in the following table:

Combined Pensions Available to Single Contributor at Age 65, by Average Monthly Pensionable Earnings

Average Monthly Pensionable Earnings	Monthly Combined Pension[a]
$	$
nil	51
100	71
150	81
200	91
250	101
300	111
333	118

[a] Rounded to nearest dollar for illustration.

Widows and Widowers

The income available to the surviving partner of a marriage will be rather more than half the previous combined income of the couple. To achieve this, since the flat rate pension is halved, the income related pension available to a widow will be 60 per cent of the benefit available to the couple.

This provision will apply with equality to the sexes. That is, it applies equally to either a widow or, if a deceased wife had earned income entitling her to a pension, to a widower.

A widow or widower will be entitled, from age 65, to whichever is the larger of either (a) her or his own combined pension, or (b) her or his own flat rate pension plus 60 per cent of the combined-earnings related pensions of the couple—subject, however, to the maximum which applies at the time to the total pension of any one person.

Administration

The Department of National Health and Welfare will administer the Canada pension plan. The contributions under the plan will be collected by the Department of National Revenue. Employers will be responsible for deductions from their employees and will then remit these deductions monthly, together with their own contributions, to that department. Voluntary participants will make annual payments to the department.

The Department of National Health and Welfare will maintain an index of contributors, and will be responsible for the payment of benefits. The Department of National Revenue will forward to the Department of National Health and Welfare the record of pensionable earnings so that this information can be credited to each individual contributor's account. The maintenance of the records and the calculation of benefits will be achieved through the use of modern data processing equipment.

The necessary provisions will be made for appeal procedures to ensure that contributors, beneficiaries and employers may have an impartial review of any disputes which may arise in relation to the program.

Authority will be provided to work out reciprocal agreements with other countries for the coverage of people who move between countries.

Relation to Other Pension Plans

A great contribution to old age security has been made, and will continue to be made, by the considerable growth of private pension plans, which now cover more than 1,800,000 people in Canada. Not all of these plans, however, provide sizeable pensions, particularly for workers who do not join the plan early in life. Also, since vesting is rarely complete, private plans have operated as a growing restraint on the mobility of labour.

Several provinces are interested in lessening these and other problems connected with private pension plans, particularly by the establishment of rules for portability and solvency. These are, in the view of the federal government, useful steps forward.

However, since such private plans would be funded, even their compulsory extension cannot make possible retirement at an adequate standard for people now in their forties to sixties who have not been covered previously. Moreover, self employed people cannot have access to such plans.

The Canada pension plan not only provides early benefits but also automatically provides Canada wide portability of pensions for people with earnings up to an average level. It is thus designed for those whose needs cannot be fully met by the extension of private pension plans under provincial supervision. It will be available comprehensively and it will quickly provide fair sized pensions to those who retire in the next decade or two.

The plan is designed to meet these needs of the Canadian people while helping to establish a pension system which, through the combination of private, provincial and federal action, will be sound and satisfactory in the long run.

The Adjustment Period

The adjustment of private pension plans to a public program with graduated benefits cannot be altogether easy. However, this does not appear to have been a deterrent to private plans in the United States. Since the American Old Age, Survivors and Disability Insurance program was established there has continued to be a substantial growth in private pension plans. The number of employees covered by private pension plans, expressed as a percentage of the wage and salary workers in private industry, rose from 31 per cent in 1954 to 45 per cent in 1961 in the United States.

The Canada pension plan has been designed to ease as fully as possible the adjustment of private pension plans to the developing public program. The fact that the Canada pension plan will be financed on a pay as you go basis, with a small contingency reserve, ensures that contributions in the early years of the program are at a very modest level. The absence of large reserves means that there will not be large transfers of funds from the private sector to the public sector of the economy. Transfers will be from the working population and employers to retired people, who will spend their benefits largely on consumer expenditures. It is not proposed that large reserves be built up as a vehicle for federal debt management and public investment.

Some employers and employees will no doubt wish to revise existing pension plans by reducing contribution rates approximately in line with their contributions under the Canada Pension Plan. The ten-year transitional period means that such adjustments can be made carefully and gradually.

In sum, the advantages of the fairly lengthy transition are:

1. To provide adequate time for existing pension plans to be adjusted to the federal plan;

2. To enable contribution rates to begin at a low level and rise fairly slowly, so that companies and individuals not now paying into pension schemes will have time to adjust to this new financial situation;

3. To avoid too sharp a contrast between people who have already retired—who will get the new $75 minimum pension—and people who start drawing pensions only a few years later.

Economic Progress

In the government's view, the great merit of the Canada pension plan is that it is a social security program which is realistically geared to the growth of the economy. It can help to provide a foundation for their social programs, notably for those who are disabled, for widows with dependant children and for orphans. In itself, it quickly makes modest pensions available. These benefits will grow until, in ten years, an adequate scale of pensions is available for people of low and moderate incomes. As such incomes grow, with economic progress, the scale will rise in a way which ensures that people who make contributions now can be assured of pensions which will still provide a secure retirement in line with the economic conditions of the time.

In the growth of the economy, importance is rightly placed on the role of private pension plans in providing savings to finance investment. All pension arrangements, of course, require payments out to the beneficiaries as well as savings by those who are now working. In a static economy no mature pension plan would be in itself a source of savings. The net saving through private pension plans arises from the growth of the plans as the population increases and income levels rise.

Such growth is of continued importance. The Canada pension plan will provide, on a permanent basis, the scale of pensions for low and moderate incomes which is an appropriate first charge on a society that values the security and dignity of those whose working life is past. But there will remain full scope for private saving above this minimum. The scope will be enlarged with economic progress. The individual, in association in many cases with his employer, will remain responsible for the saving which a rich and growing country needs for its further economic development, and by which more and more people can afford to provide for themselves a truly comfortable retirement.

International Comparisons

Since their inception, pension programs in many countries have changed greatly. Although a number of older systems date back to the late nineteenth century, the majority of the programs were initiated in the decades immediately preceding or following world war II.

The programs in effect in Great Britain and France were extensively revised in 1946 and 1945, respectively. Revisions occurred in the West German program in 1957 and in the Swedish program in 1959.

It is of significance that the programs in Great Britain and Sweden were both revised in 1959, for the purpose of adding graduated benefits to the existing flat rate benefits. Most pension programs now in operation relate the rates of pensions in some way to the pensioners' prior earnings.

The benefits under the Canada pension plan will inevitably be compared with those available under the old age, survivors and disability insurance program in the United States. Set out below are the rates of benefit payable to workers with no dependants but with various average monthly earnings, up to the maximum under the United States program. The minimum pension under the United States program is $40, compared with the flat rate $75 at age 70, or $51 at age 65, in Canada.

Pensions (including flat rate benefits) if earnings levels in Canada remain unchanged and if the U.S. program is unchanged

Average Monthly Earnings	Canada Benefits at age 70	Canada Benefits at age 65	United States Ben. at age 65 or 70
$	$	$	$
100	105	71	59
150	120	81	73
200	135	91	84
250	150	101	95
300	165	111	105
333	175	118	112
400	175	118	127

RELATED PROGRAMS

Survivors and Disabled Pensions

A full program of social insurance would provide benefits for survivors and disabled persons who have not reached an age at which benefit would normally be considered an old age pension. Doubts have been expressed whether such benefits are within federal jurisdiction under the existing provisions of the British North America Act. Certainly such programs as now exist for these people are provincially administered. This is, accordingly, a subject which requires full consultation and discussion between federal and provincial governments to ascertain the wishes of the provinces and to determine whether a mutually satisfactory approach can be worked out.

The persons who might be covered under wage related pensions for survivors and disabled persons would be as follows:

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(a) Widows with dependant children

A pension payable from the date of the death of a contributor to his widow, if she has one or more dependant children, until the youngest child reaches age 18.

(b) Orphans

A pension payable in respect of the orphans of a contributor from the date of death of the last surviving parent until the youngest orphan reaches age 18.

(c) Disabled Persons

A pension payable to a contributor under the program who suffers such a prolonged disability that he is unable to secure gainful employment.

If such coverage were to be provided as an additional part of the Canada pension plan, the scale of pensions would be related to the benefit otherwise available to the contributor at age 65, and the cost of the benefits would be financed as a part of the contributory program.

Federal-Provincial Shared Programs

Another related matter concerns federal-provincial assistance programs. The introduction of an adjusted pension at age 65 will reduce federal-provincial expenditures under the old age assistance program. Once the Canada pension plan is in operation many persons in the 65 to 69 age group will not have to seek old age assistance because the adjusted benefits will be available. Similarly, if a disability pension is subsequently included as a part of the Canada pension plan, many persons who would otherwise have sought assistance through blind persons or disabled persons allowances will find their needs met under the new program.

Since payment of old age assistance, blind persons and disabled persons allowances is made by the provincial governments and the cost is shared, it is important that any federal plans for future improvement of the provisions of this legislation should be the subject of consultation between the federal and provincial governments. If the provinces will agree to share the additional cost the federal government is prepared to increase the maximum assistance payment under the federal legislation to $75 a month. One question of special interest to the federal government is whether the age of eligibility under the old age assistance program can be lowered from 65 to 60 for widows and unmarried women.

HOUSE OF COMMONS

Monday, July 22, 1963

The house met at 2.30 p.m.

HOUSE OF COMMONS

PRESENCE IN GALLERY OF PRESIDENT OF UNITED NATIONS GENERAL ASSEMBLY

Mr. Speaker: I am sure all hon. members will be interested in knowing that we have in the diplomatic gallery the president of the United Nations general assembly, Sir Zafrulla Khan. I know you will join with me in extending a very hearty welcome to him while he stays in Ottawa as the guest of our parliament, and in Canada generally.

Some hon. Members: Hear, hear.

THE ROYAL ASSENT

Mr. Speaker: I have the honour to inform the house that a communication has been received which is as follows:

Sir:

I have the honour to inform you that the Honourable Gerald Fauteux, Judge of the Supreme Court of Canada, acting as Deputy of His Excellency the Governor General, will proceed to the Senate chamber today, the 22nd July, at 9.45 p.m., for the purpose of giving the royal assent to certain bills.

I have the honour to be,
sir,
Your obedient servant,
A. G. Cherrier
Assistant Secretary to the Governor General.

FINANCE

UNITED STATES TAX ON INTERNATIONAL CAPITAL TRANSACTIONS

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, I should like to make a statement concerning the application to Canada of the proposed United States interest equalization tax. An agreement on this matter was worked out during the week end in discussions between representatives of the United States and the Canadian governments. As the house knows, the agreement was announced simultaneously in Ottawa and in Washington yesterday evening. I should like to table the text of the announcement and ask the consent of the house to it being printed in *Hansard*.

Mr. Speaker: Is that agreeable to hon. members?

Some hon. Members: Agreed.

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

Mr. Pearson: The agreement has, I believe, important effects and implications. The spirit of co-operation in which it was worked out is encouraging. That spirit enabled agreement on a most complicated matter to be reached quickly, and I am sure this prompt and decisive handling of difficulties will be greatly reassuring to the public, including the financial communities, on both sides of the border.

When I say "handling of difficulties" I do not mean either that the difficulties were all solved or that they were glossed over. I mean that the representatives of the two governments were able to deal with this problem in the spirit of the Hyannis Port meeting of last May, when the communique included this paragraph on balance of payments problems:

The President and the Prime Minister stressed the interest of both countries in the balance of payments between them and with the rest of the world. The Prime Minister drew particular attention to the large United States surplus in the balance of current payments with Canada and noted the importance of allowing for this fact in determining the appropriate policies to be followed by each country. It was agreed that both governments should always deal in a positive and co-operative manner with developments affecting their international trade and payments.

In accordance with that spirit, we on our side fully appreciate the United States government's desire to improve its own balance of payments position. It would not, of course, be appropriate for us to express views about the general policies adopted by the United States for this purpose, but it was clear from the behaviour of financial markets at the end of last week that the proposed interest equalization tax could have unintended and serious effects on Canada.

We accordingly made representations on the subject through diplomatic channels and arranged for representatives of the Canadian government to go to Washington over the week end. We are extremely grateful for the promptness with which the United States government considered the problem. When it was pointed out to them that they had underestimated the effects of their proposed measure on Canada, they promptly joined in seeking to correct the consequences.

The modification of the United States proposal which was announced yesterday does not solve all the problems. The tax is still intended to apply to purchases by Americans

of outstanding Canadian securities. This will pose some continuing problems, and the government of Canada will continue to seek exemption for such transactions.

The two governments readily agreed at the week end, however, that the major and immediate problem arose from the proposed tax on new issues of Canadian securities. The two governments were able to find at once an approach to a solution of this problem.

The United States government has recognized that Canada's case is different from that of other countries in that, while capital moves from the United States to Canada, it thereby only helps to finance the excess of Canadian purchases of goods and services from the United States compared with American purchases from us. In the final result we are suppliers of exchange to the United States, not removers of exchange from the United States. In recognition of this the United States government has recorded its hope and expectation that new Canadian issues can be entirely exempt from the proposed tax. We have stated that we will not use exemption from the tax to give us an advantage by borrowing in the United States aimed at increasing our currency reserves.

The unlimited exemption for Canada is to cover all new security issues by business and all levels of government; under this exception there would be no question of rationing access to the United States capital market.

This modification of the United States proposal is a most helpful result. I should like to follow what the Minister of Finance said yesterday by expressing on behalf of the government and, I am sure, Mr. Speaker, on behalf of the house, my appreciation of the co-operative spirit of the United States government and also of the work done in this matter by the governor of the Bank of Canada and by the Departments of Finance and External Affairs.

While the immediate result is most helpful and goes a long way toward removing the immediate difficulties, I must repeat what I said earlier about the underlying problem. The whole incident underlines the importance to both countries, as was recognized at Hyannis Port, of taking constructive, long term action to lessen the problems of the balance of payments. For that reason I am hopeful that, in the same spirit of co-operation as was demonstrated over the week end, we will shortly be able to arrange a fruitful meeting of the joint economic committee of ministers of the Canadian and the United States governments.

From Canada's point of view the objective must be a further substantial reduction of our current account deficit in the balance of payments. This government has made clear on numerous occasions that the correction of our balance of payments position, with its favourable effects on employment, is a central objective of our economic policies.

Right Hon. J. G. Diefenbaker (Leader of the Opposition): Mr. Speaker, I certainly join with the Prime Minister in expressing appreciation to the United States for showing consideration to Canada. The relationship between Canada and the United States has at all times been such in my memory. Indeed, in the days of former president Eisenhower the closeness of that relationship denied the difficulties that subsequently arose.

The Prime Minister speaks in fulsome terms of the Hyannis Port idyll and the ideal agreement arrived at there, but may I add that while the Prime Minister was patted on the head at Hyannis Port by the President, Canada was kicked in the economy. The Prime Minister says that as a result of representations made the difficulties which would have followed the continuance of the policy enunciated by the President have now been alleviated to a greater or lesser degree. This still leaves, as I see it, a veto with the President of the United States with regard to the expansion of Canada's economy, which is something that is not in keeping with the sovereignty of this nation.

I am surprised that following this fine relationship to which the Prime Minister referred the United States saw fit to bring into effect an economic plan which could only hurt Canada and damage this country economically more than any other of the 22 or 23 countries included in the plan. As I see it, there was no reason for the application of this plan to Canada. Our balance of payments position has at all times been favourable to the United States. These other countries to which the plan is being applied are in a different position.

As far as our trading relations are concerned, we recall very well that in 1956, in the palmy days of the former Liberal government, the commodity deficit between the two countries and adverse to Canada was about $760 million. In 1961 and 1962 during our period in office we were able to bring about a favourable balance in this regard. Furthermore, there was a pronounced reduction in the balance of payments problem in general during the days we were in office, and I hope that what took place in 1961 and 1962 will continue in 1963 and in the following years.

Our relations with the United States should have caused that country to give some notice to Canada, and to consult with Canada before

taking this action. When the government now surrounds itself with a halo of self praise, may I suggest that in addition to parliament speaking out firmly and strongly on Friday, the major reason for the change was that the financial people in New York took a strong stand, as did financial interests in our own country.

While it is too early to say that this action will alleviate the results that would have flowed from the plan enunciated by the president, at least it is a step forward. Consultation beforehand, however, would have prevented this action being taken. It is not as though Canada found itself in a position very much better than most minor countries, for the members of the press were fully briefed on Thursday and on Friday morning the government of Canada was told what the action would be. This is not consultation in the true sense of the word.

Mr. R. N. Thompson (Red Deer): Mr. Speaker, speaking on behalf of the Social Credit party may I say that we, in common with all Canadians across the country, are happy with the announcement that has just been made; because certainly the situation that was in prospect for us as we saw it last Thursday and Friday was not a pleasant one, particularly in the light of the many financial problems that we face.

However, I believe there are two observations which arise from this situation which come emphatically to mind. The first is the financial confusion surrounding the general situation relating to government financing both in the United States and in Canada. This comes back to the problem of the balance of payments difficulty, which has been increasingly critical for both countries. Certainly the United States cannot continue with the tremendous deficits that they have had, both in terms of trading dollars and of gold. Neither can we in Canada.

And second, I trust that out of this crisis there will be a realization that the old approaches we are using to meet these problems are inadequate to meet our present needs. Certainly this becomes increasingly evident as we see the turmoil in which we have been since our own balance of payments crisis a year ago, as well as the budget crisis of the past few months. As we look at these financial problems we begin to wonder whether the tail is wagging the dog or the dog is wagging the tail. However, we are glad that this quick action has been taken. I hope it will lead to the conclusion that something more drastic is going to have to be done in the near future if we are to find any permanent solution to these problems.

Mr. Colin Cameron (Nanaimo-Cowichan-The Islands): Like the others who have spoken before me, Mr. Speaker, we in this party welcome the report of the Minister of Finance and the Prime Minister on this question. I hope I will not be considered too Cassandra-like if I suggest that perhaps we are not out of the woods yet, in spite of the move that has been made or is proposed to be made by President Kennedy.

I understand, for instance, that the tax is still to be imposed on outstanding issues, and this may have a decisive effect on interest rates in this country as a result of the fact that the outstanding issues will be subject to a great deal of downward pressure on price and upward pressure on interest. This is almost bound to affect interest rates on new issues from Canada.

There is also the question as to whether it is going to be accepted by congress. We can only hope it will be; but if congress has been convinced, as it well may have been, that it is necessary for the United States to take drastic steps to curb the outflow of American dollars, it may be somewhat hesitant to accept this generous treatment of Canada as a special case. I suggest to the government that it might well be in the interests of Canada if it could be arranged that financial witnesses from Canada could be called before whatever congressional committee may be studying this matter.

As I said earlier, I can well believe that congress will be convinced of the necessity of the United States taking some drastic action. After all, sir, they cannot very much longer sustain a continued weakening of their net reserve position, which will result in a continued outflow of American dollars. If the channels that lead to Canada are to be kept open, then it may well be that the United States will have to take drastic steps to block the holes which lead to an outflow of American dollars in other directions, which again will cause repercussions that may catch us. In fact the Canadian government may have succeeded in warding off a clip on the jaw only to leave us liable to be sandbagged on the back of the head later.

One of the most useful steps which the Canadian government could take at the present time would be to press for an international monetary conference on the question of international exchange, perhaps on the lines of a royal commission before which the various financial and monetary experts who have voiced their opinions and views on this problem could be summoned. Otherwise we are going to experience continuing exchanges crises in one form or another.

Biculturalism Commission Appointed

ARTS, LETTERS AND SCIENCES

PERSONNEL OF ROYAL COMMISSION ON BICULTURALISM

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, I would like to make a short statement on the commission on bilingualism and biculturalism. The co-chairmen will be Andre Laurendeau, editor in chief of *Le Devoir,* Montreal, and Davidson Dunton, president of Carleton University.

Other members of the commission will be Rev. Clement Cormier, president of St. Joseph's University, Moncton, New Brunswick; Mr. Royce Frith, a lawyer in Toronto; Jean Louis Gagnon, a journalist and broadcaster in Montreal; Mrs. Gertrude Laing, a housewife in Calgary; Jean Marchand, general president of the confederation of national trade unions of Quebec; J. B. Rudnyckyj, chairman of the department of Slavic studies at the University of Manitoba; Frank R. Scott, dean of law at McGill University in Montreal, and Paul Wyczynski, director of the French Canadian literature research centre and associate professor of French literature at the University of Ottawa.

The members of the commission, whose names I have just given to the house, cannot, of course, and are not intended to represent every point of view of every group in our country. Nevertheless, through the diversity of their backgrounds and interests and their broad experience, they do represent a varied and important cross section of our people. They are all deeply interested in the subject of this inquiry and are all fluent in our two national languages. They are all aware of the dual cultural and racial basis of our confederation and of the important contribution made by other cultures and traditions.

I am sure the members of the commission will enjoy the support and good will of all members of the house as they examine into a vitally important aspect of our national life and our national development.

Mr. Herridge: Can nobody in B.C. speak French?

(Translation):

Mr. R. N. Thompson (Red Deer): Mr. Speaker, today is a memorable day that will mark, I hope, the beginning of a new era of co-operation between the two great ethnic groups that make up our country.

The only road to progress for Canada resides in mutual understanding of the need to work together to attain that aim.

(Text):

Mr. Speaker, we are pleased indeed that the announcement for which we have waited so long regarding this vital royal commission has now been made. At this point it is not in order to make any remarks regarding the men and women who have been appointed to this commission. Certainly they have assumed one of the most important challenges that has been given to any group of Canadians in recent years. The development of Canadian unity and the development of our nation as a whole is something which is a more critical problem than most of us understand or realize at this time. I look forward to seeing this commission expressing the genuine will of the Canadian people toward the Canadian unity and the national purpose of Canada about which we all speak, and which we all feel is imperative to the survival of our nation, yet which so often is very difficult to grasp or to actually put into effect.

We are just four years from our centennial, and perhaps at no time during these past 96 years have we faced such a critical problem and an important challenge as we now face. As I speak for members of our party here in this house and across the country, I believe it is the hope and desire that this royal commission will lead to the greater understanding, co-operation and spirit of unity that we need in these difficult and troubled times.

Therefore, Mr. Speaker, we are pleased that this long awaited announcement has been made. There will be ample opportunity to say more about it in the future, but we do look forward to some constructive progress as a result, with the hope and prayer that Canada will become the united nation, as far as purpose, understanding and genuine co-operation are concerned, that we must be if we are to be the nation we want to be and which the world expects us to be.

Right Hon. J. G. Diefenbaker (Leader of the Opposition): Mr. Speaker, the house has been looking forward with anticipation to the setting up of this commission. I think the house will be in general agreement with the words of the hon. member for Red Deer, though it would have been interesting to have questioned him as to the degree to which he and others associated with him accepted the recent words of Premier Manning of Alberta in regard to this very important matter. I hope that the setting up of the royal commission will be beneficial.

Mr. Thompson: That is politics, which is not at all necessary when dealing with this announcement.

Mr. Diefenbaker: Mr. Speaker, I do not know what the interruption was, but I have always thought that Premier Manning spoke, as it were, for the Social Credit party generally across the country. However, I do not want to bring about any discord in that party which has been so united in the past.

I want to say immediately that we feel the setting up of a royal commission is not an effective way in which to meet the problem that we face. It can only operate as an educational body, and all of us would benefit from that. It can only operate, too, as a postponement of any effective action being taken for several years.

The royal commission will sit, elicit facts and listen to arguments; but in no case, of course, can it determine the results of its recommendations. No action can be taken until there has been agreement between the dominion government and the provincial governments on the question of the amendment of the constitution in order to meet this problem. I know that leading members supporting the government have from time to time come out with the rather doubtful plan of two flags for Canada. That plan will not work as far as the constitution is concerned. There can only be one constitution for Canada, and if changes are to be made to that constitution they will have to be determined on the basis of final agreement between the federal and provincial governments.

We in this party stand where we have always stood throughout the years, for an equal partnership between the founding races and without infringement on the rights of other Canadians. Whatever may be the views on the compact theory, the British North America Act is more than a constitutional and legal document; it is the legal, spiritual and fundamental essence and conscience of the Canadian way of life, and there are sections in it that are ageless and cannot be changed by the people of Canada excepting by unanimity among all the provinces.

I would like to have heard the Prime Minister tell how this commission is supposed to work and how it will operate. We cannot change the constitution, as they do in the United States from time to time by interpretation of the courts. The supreme court of the United States in its interpretations through the years has altered some of the concepts inherent in the ideas and views of the fathers of that country. We had our constitution rewritten by interpretation during the 1880's and 1890's by the privy council. However, that is no longer possible.

As far as this commission is concerned, I am not fully aware of the powers it will have, but it must give consideration to fiscal matters. We believe that the provinces must have a larger share of the total taxes collected in this country than has been the case previously. When we came into office the provinces had a 10 per cent share of corporation income tax under the 1956 agreement. We increased that through parliament by 3 per cent. Finally, in the last agreement that was entered into, the amount of that share was increased to 16 per cent, with an escalating provision each year until 20 per cent will be available to the provinces within five years.

These are problems that must be faced. The royal commission will merely discuss; the determination will have to rest upon the federal and provincial parliaments. I have stated the view we take, that there should have been convened a conference of federal and provincial government representatives on the questions of the constitution, biculturalism and bilingualism. At such a meeting there would have been representatives of all the national political parties, and a full and complete study could there have been made and agreement reached, without postponement, as to the means to repatriate the constitution, to carry out immediately the recommendations of the Therrien report and to endeavour to come to agreement on those other kindred matters, by those who alone have the power to bring about such changes. At the same time such a national meeting would give Canadians a forum, with the power to act to round out and restate, if agreed to, Canada's national goals before this nation embarks upon its second century. We endeavoured to bring this about on February 8 when as prime minister I suggested to the various provinces the calling of such a conference, which we still say is necessary for this country. That suggestion was replied to. Five provinces, Ontario, Saskatchewan, Nova Scotia, Manitoba and New Brunswick agreed with it. Quebec and Alberta asked that the matter be delayed until after April 8. Newfoundland and Prince Edward Island gave no reply, and British Columbia gave an acknowledgement.

Sir, as far as this royal commission is concerned which the Prime Minister has now announced, we say, first, that it is not sufficiently representative. To be effective it should have strong provincial representation. I feel it would have been the course of sound judgment and statesmanship—and I am asking that this still be done—that the provinces be given an opportunity of representation on this most important royal commission.

Second, the Prime Minister, when speaking in Winnipeg on March 8, as reported in the press, said that all ethnic groups would be included in the proposed study of biculturalism. I feel that the very important ethnic groups in Canada will ask why it is they have no representation. I think, for instance, of those of German and Dutch origin who represent one and a half million of Canada's population. They have no representation. I think as well of the Indian population of our country. They have no representation on a commission which is most important to them.

Even yet I ask the government to give reconsideration to providing direct provincial representation. The premiers will be meeting here during the latter part of this week. Certainly they should have the opportunity of recommending the names of two or more representatives for this royal commission, where the consideration of matters which come within provincial jurisdiction is implicit.

Now, sir, I need not say what our attitude is on the subject of biculturalism or bilingualism; our actions during the period we were in office showed that. When confederation took place a new nation was created in the partnership of two basic nationalities and origins. I believe that when an important commission such as this is set up every endeavour should be made to secure the views of the provinces as well, with representation on the commission. This is a body which is looking at a national problem, the legislative power of which in those matters that affect biculturalism and bilingualism, such as education rests in the provinces, along with all those rights which are guaranteed under the constitution.

For that reason I have felt, and this party feels, that there should have been a meeting held, a great congress of the people's representatives both federal and provincial. The government, having decided on a royal commission, should make it an effective body by securing the appropriate and necessary membership of the provinces.

(Translation):

Mr. Andrew Brewin (Greenwood): Mr. Speaker, we are happy to hear the Prime Minister's statement. We are sure that the distinguished Canadians appointed to the commission are entirely qualified to do the very important task that awaits them. We hope that the commission will get going almost immediately. It is quite possible that the future of confederation rests to a large extent on its studies and recommendations.

(Text):

Mr. Speaker, I should like to add a few words in what the Prime Minister described the other day as the other official language. I will not attempt to follow the right hon. Leader of the Opposition into a discussion of constitutional amendment, important and interesting though that subject is, but I too would like to say a word of caution. Royal commissions, Mr. Speaker, as this house well knows, have sometimes been used as an excuse for lack of action rather than for action. The contribution of this particular royal commission, however important it may be, will not absolve Canadians of both nations from a real effort of will and understanding.

If I may, for a moment, mention my own riding, it is one in which nearly all my constituents are of English and Scottish origin. There have been times, I believe, when they were rather less than interested in the good will of the other nation in Canada. However, today I believe there is a very great fund of good will not only in my constituency but throughout English Canada. But, Mr. Speaker, if I may lapse into my not too good French for one sentence

(Translation):

unfortunately we are strangers in our own country.

(Text):

I should like to say, Mr. Speaker, that I believe our dual culture—our more than dual culture—if we have the will within us can be a source of mutual enrichment and not embarrassment. We in this party will wish the members of the commission the very best success in their task. We shall follow their deliberations with a close interest and with sincere good will. We too could suggest additional members, but we are impressed with the members who have been named and, as I say, we wish the commission the best of luck. It will make a great contribution to Canada if it has the good will and interest of Canadians in every part of Canada.

Mr. Speaker: It is not usual or customary for more than the representatives of each of the four parties to make short comments at this time, but in view of the importance of the announcement I wonder whether hon. members would agree to short comments from other representatives of the four different parties, if that is desired at this time?

Some hon. Members: Agreed.

Mr. Gilles Gregoire (Lapointe): Mr. Speaker, in view of this formation of a royal commission on biculturalism, I think you are completely right to ask some hon. members from French speaking Canada to express their own ideas on the matter.

(Translation):

Mr. Speaker, we cannot but congratulate this government for establishing a royal commission on biculturalism. This commission will be responsible for a survey of the present situation and for a definition of the policy for the years to come. In other words, we urgently needed some kind of a manifesto so that all Canadian citizens belonging to our two great cultures would know in the future how matters stand with regard to the two great nations which make this country.

Since I have come to this house Mr. Speaker, I have ascertained that it is possible to have

understanding between our two great nations provided we know each other, but we have to know exactly what each of these two great nations wants and desires. Two hills never meet, but two human beings, two men, can meet. Such a meeting necessarily implies discussions and discussion means occasional differences but also agreements and concord. In a family, two brothers may fight once in a while, but their friendship will endure and their mutual assistance will continue.

When we talked about bilingualism and biculturalism in this house, we never did so with hate, we never said anything against the other great nation in this country. We have always met with sympathy and a desire of achieving some understanding from the members of that other great nation, but on the other hand, a manifesto is necessary to define the position of these two great nations.

In my opinion, that will be the responsibility of the royal commission on biculturalism. The commission will have to provide for that manifesto.

In conclusion, I hope that all Canadians, all public bodies, all associations and all the various groups in our country will lend a hand. I also hope its recommendations are not too long in coming and that they prove satisfactory for all Canadians.

Mr. Guy Marcoux (Quebec-Montmorency): Mr. Speaker, the Prime Minister's announcement is in no way disappointing and can only be approved. The gesture had been expected for a long time and quite a few people might consider it as the means of solving the problem which Canada's two great nations know today.

That is far better than nothing. As the hon. Leader of the Opposition (Mr. Diefenbaker) mentioned earlier today, a royal commission does not always give results. He is an expert in the matter himself, as seventeen royal commissions have been set up under his rule to study certain problems, with more or less indifferent results.

Neither should that commission be an elegant way of delaying the solution of the problem, the seriousness of which is known to every Canadian. The commission would serve more accurately to define the wishes of the two different nations which form this country, and that is why recommendations in this respect should not be delayed, and it should more particularly not be said that the commission can not give any immediate results.

Moreover, the fiscal issue, which is also very important and does not come under the commission, should also be settled at an early date. Indeed, the commission will generally give no satisfaction to French Canadians throughout Canada, and more particularly in the province of Quebec, as long as the question of fiscal relations is not settled.

The appointment of some French Canadians to the commission was hardly a surprise for anybody. Following certain recent statements or interpretations in connection with the problem concerning our two great cultures several had already expressed a certain prejudice, which we thought would result in their imminent appointment to the commission. As far as I am concerned, and with the exception of Rev. Father Cormier whom I did not know, the others were from the start candidates for appointment by the Liberal party. And quite a few among the French Canadians of Quebec will be somewhat disappointed.

We must trust in everybody's good will and, in view of present happenings, more particularly hope that the present problems will be dealt with objectively and that the inquiry will bring some results at an early date.

(Text):

Mr. Harold E. Winch (Vancouver East): We all welcome the announcement concerning the appointment of a commission on biculturalism. I do not intend to repeat what has already been said, but I do want to express one hope; that is, that the terms of reference as affected by the meaning of the word "biculturalism" are not too narrow. I say this because although basically Canada is a country of two ethnic origins, English and French, there are many hundreds of thousands of people who make up, and who contribute to Canada who come from other countries also. I direct attention, if I may, to the constituency of Vancouver East where there are many thousands of people whose original homeland is Italy. Others in their thousands are Chinese. Still others are Germanic or Slavic in origin. These are Canadians who have also made their contribution to our nation and who have a culture which must be tied in with that which is French and with that which is English.

I wish to express the hope that this basic term "biculturalism" will enable the commission to consider the various cultures of the other countries which go to make up what we call Canadianism.

[*Later:*]

On the orders of the day:

Mr. L. J. Pigeon (Joliette-L'Assomption-Montcalm): I should like to address a question to the Prime Minister. Can he tell us who

will be the secretary of the royal commission which was announced a few minutes ago?

Some hon. Members: Mr. Pigeon.

Mr. Pigeon: You may be sure the commission will be a success, then.

Right Hon. L. B. Pearson (Prime Minister): There will be joint secretaries, French speaking and English speaking. I hope to be able to give their names in a day or two. They have not been appointed as yet.

Mr. Eldon M. Woolliams (Bow River): May I ask a supplementary question of the Prime Minister. Were the provincial premiers consulted with regard to the persons appointed to the royal commission on biculturalism?

Mr. Pearson: No, Mr. Speaker.

[*Later:*]

Mr. Joseph Slogan (Springfield): Mr. Speaker, I have a question for the Prime Minister. Will the Prime Minister inform the house whether the commission on biculturalism will have within its terms of reference authority to make recommendations regarding a distinctive national flag and a distinctive national anthem?

Mr. Pearson: Mr. Speaker, the terms of reference of the commission have already been made public and an order in council passed embodying them.

SHIPPING

ST. LAWRENCE RIVER—STATEMENT ON MARINE CASUALTIES

Hon. G. J. McIlraith (Minister of Transport): Mr. Speaker, I regret to have to report to the house a series of marine casualties that occurred late last week in the St. Lawrence river below Quebec. Throughout the period visibility was reduced by fog. Three sets of collisions took place and one ship was sunk with heavy loss of life. Damage to the other ships varied from heavy to minor.

The first collision took place about 10 p.m., Thursday, July 18, near Murray Bay. The vessels involved were the hydrographic survey vessel *Cartier* of the Department of Mines and Technical surveys and the cargo ship *Seven Skies,* understood to be of Swedish register. Damage was light; no personal injuries were sustained; both vessels proceeded under their own power.

The second occurred at the entrance to Quebec harbour about 5.45 a.m., Friday, July 19. The Canadian canal-type cargo vessel *Calgadoc* upbound and the Liberian-registered *Bariloche* downbound came in contact, with minor damage resulting. Thereupon occurred a further collision involving the *Bariloche* and a second upbound ship, the *Canadoc,* a large Canadian laker. More extensive damage resulted in this case although no personal injuries were suffered. All three ships proceeded to repair berths under their own power.

Shortly before 2 a.m. on Saturday, July 20, the third set of collisions occurred in the vicinity of Ile aux Coudres. The vessels first involved were the Bermuda registered ore carrier *Tritonica,* upbound loaded from Havre St. Pierre to Sorel, and the Northern Irish cargo vessel *Roonagh Head,* downbound. The *Tritonica* sank immediately. The *Roonagh Head* suffered extensive damage but anchored nearby and launched boats to pick up survivors from the *Tritonica.* The *Roonagh Head* herself suffered no personal casualties. Our latest report indicates that of a crew of 50 and one pilot aboard the *Tritonica,* there are 17 survivors, 18 known dead and 16 missing. The master was among the survivors but the pilot, Armand Lachance, 62, has not yet been found. It is understood that the ship's company of the *Tritonica* included four Caucasian officers, the balance being Chinese. I am sure the house will wish to join me in expressing sympathy for the families of the bereaved.

Shortly thereafter the Canadian laker *Hallfax* appeared on the scene and assisted with rescue operations. She was not involved in the collision and suffered no damage or casualties.

About two hours after the sinking the outbound Spanish cargo ship *Conde de Fontanar* entered the area at slow speed and came into light contact with the superstructure of the sunken vessel. She thereupon picked up over the bow further survivors who were clinging to the funnel of the *Tritonica,* which protruded above the water. The *Hallfax* continued on her way, the *Conde de Fontanar* returned under her own power to Quebec for inspection of possible damage, and the *Roonagh Head* remained at anchor awaiting assistance for the return to Quebec for repairs. The survivors from the *Tritonica* are now in the veterans military hospital, Ste. Foy.

On the report of this incident being received, Foundation Maritime were advised and dispatched their salvage tug. The Canadian coastguard ship *Saurel* also sailed to mark the site with the customary wreck marking buoy.

A preliminary investigation in accordance with the provisions of the Canada Shipping Act is being undertaken immediately to report upon the circumstances of the *Tritonica* sinking, and I fully expect that this will be followed by a formal inquiry also in accordance with the provisions of the Canada Shipping Act. Departmental investigations are proceeding with respect to the other collisions. It is

understood that pilots were aboard all the vessels in collision except the *Calgadoc* and the *Cartier*.

The wreck of the *Tritonica* is in 10 fathoms of water and at this point the channel is some two miles wide. Thus other shipping will not be completely obstructed.

Mr. J. A. McBain (Elgin): Mr. Speaker, with regard to the announcement just made by the Minister of Transport, may I say that I am sure we in this party appreciate having a report on the tragic accident that occurred in the St. Lawrence river. We wish to express our sympathy to the bereaved. We hope the Department of Transport will take every precaution necessary to see that further tragic accidents do not occur. We know that at a time of fog these extra precautions sometimes do not work as effectively as they should. We appreciate the fact that the minister has given us a full account of the tragic accident, and I am sure all hon. members of the house wish to express their sympathy to the bereaved.

(Translation):

[*Later:*]

On the orders of the day:

Mr. Guy Marcoux (Quebec-Montmorency): Mr. Speaker, I should like to direct a question to the Minister of Transport following the statement he made a while ago about the maritime tragedy that occurred during the week end. Could he suggest or recommend to the owners of the damaged ship that they have her repaired in shipyards in the Quebec area?

(Text):

Hon. G. J. McIlraith (Minister of Transport): Mr. Speaker, I will have to take that question as notice. I can understand the hon. member's interest in the subject.

(Translation):

LABOUR RELATIONS

NORRIS REPORT—APPOINTMENT OF SPECIAL COUNSEL

Hon. Lionel Chevrier (Minister of Justice): Mr. Speaker, last Thursday I announced that in order to implement the recommendations contained in the Norris report, lawyers would be appointed to make a detailed study of all the facts and to see if legal action is warranted. I take pleasure in announcing to the house that Mr. Jean Martineau, Q.C., of Montreal, and Mr. J. J. Robinette, Q.C., of Toronto, agreed on Friday to perform this task. Copies of the report have been sent to them immediately and measures are being taken to allow them to go over the evidence.

(Text):

QUESTIONS

Hon. J. W. Pickersgill (Secretary of State): Mr. Speaker, the following questions are being answered today: Nos. 777, 778, 846, 847, 848, 865, 907, 918, 921, 923, 924, 927, 929, 944, 945, 946, 949, 958, 960, 966, 967, 968, 971, 974, 979, 983, 985, 986, 989 and 990. There are no questions to be made orders for returns, and I would ask that all other questions stand except starred question No. 676.

Mr. Lambert: On a point of order, Mr. Speaker, I appreciate the desire of the Secretary of State to expedite the business of the house but I am wondering whether he can assure the house that the practice he is now following conforms with standing order No. 39, which applies to the replies as well as to the questions.

Mr. Pickersgill: I think an order of the house was made last week with the approbation of the hon. gentleman's leader—probably the hon. member was not here at the time—

Mr. Lambert: I was here.

Mr. Pickersgill: —on an experimental basis to last until such adjournment as we may have for the summer. It seems to me that would supersede any technicalities in the standing order.

(Questions answered orally are indicated by an asterisk.)

RICHARD O'HAGAN

Question No. 777—**Mr. Fisher:**

1. What office does Richard O'Hagan hold in the government?
2. What is his age, place of birth, institutions of education attended and educational qualifications, governmental or business experience (position held, length of experience, name of firm or employer) and initial and present salary with the government?
3. What length of time has this gentleman undertaken to serve the government and/or what engagement in length of time was given to him?
4. In brief, what particular qualities of Mr. O'Hagan led to his engagement?

Answer: 1. Special assistant to the Prime Minister.

2. Thirty five; Woodstock, N.B.; primary and secondary schools, Woodstock, N.B., St. Mary's College, Halifax, N.S., Fordham University, New York, N.Y.; editorial staff, *The Telegram*, Toronto, 1949-56; New Brunswick Liberal association (3 months), 1956; MacLaren Advertising Co. Limited, September 1956 to January 1961 (manager, public relations department from January 1959); special assistant, Leader of the Opposition, January 1961 to April 22, 1963; $10,000—$10,000.

3. No specific period.

4. Capacity to discharge required duties.

Questions

TOM KENT

Question No. 778—**Mr. Fisher:**

1. What office does Tom Kent hold in the government?
2. What is his age, place of birth, institutions of education attended and educational qualifications, governmental or business experience (position held, length of experience, name of firm or employer) and initial and present salary with the government?
3. What length of time has this gentleman undertaken to serve the government and/or what engagement in length of time was given to him?
4. In brief, what particular qualities of Mr. Kent led to his engagement?

Answer: 1. Co-ordinator of programming, Prime Minister's office.

2. Age 41. Born in Stafford, England. Wolstanton grammar school and University of Oxford. M.A. (Oxon.). Positions: 1943-45, junior administrative officer, U.K. foreign office. 1945-50, Editorial assistant, *Manchester Guardian*. 1950-54, assistant editor, *The Economist*. 1954-59, editor, Winnipeg *Free Press*. 1959-60 assistant to the president and 1960-61 vice president, Chemcell Limited; director, Chemcell Properties Limited and director, Chemcell Securities Limited. 1961-63, special consultant to the leader of the Liberal party and the national Liberal federation. Initial and present salary $20,000.

3. One year.

4. Appropriate abilities and experience.

MONTREAL—ARRESTS AND DETENTIONS BY R.C.M.P.

Question No. 846—**Mr. Orlikow:**

Did the R.C.M.P. participate in a series of 15 detentions and imprisonments which took place on or about April 12, 1963, in the city of Montreal and, if so (a) did they have warrants for search and arrest (b) did any of the arrests take place between 4:30 a.m. and 5:00 a.m. and, if so, did the R.C.M.P. consider it necessary to conduct these operations at this hour of the day (c) did the R.C.M.P. seize copies of the N.D.P. program and *Cité Libre* magazines, course notes and other educational items and, if so, on what grounds were such items seized (d) what were the names of the persons detained or imprisoned, and for what period was each held in custody (e) has the R.C.M.P. laid any charges against any of the persons detained or imprisoned (f) did the R.C.M.P. inform any of these persons that questioning is a voluntary matter, and that they did not have to go to a police station unless they were willing to do so (g) were any of these persons permitted to call counsel and, if not, did the R.C.M.P. give any reasons for refusing this protection (h) have any superior officers of the R.C.M.P. or the Minister of Justice received reports of these detentions or imprisonments or in relation to the alleged unsanitary conditions under which some of these persons were detained (i) have any charges been laid against any of the R.C.M.P. officers who may have participated in this operation and, if so, what are the names of any such officers?

Answer: (a) The R.C.M.P. did not obtain search warrants or warrants to apprehend. Search warrants were obtained by the Montreal city police.

(b) R.C.M.P. made no arrests.

(c) Members of the R.C.M.P. did not effect any seizures.

(d) The R.C.M.P. did not detain any persons.

(e) No.

(f) No. Requests to proceed to the Montreal city police offices for interviews were not made by members of the R.C.M.P.

(g) No request made to R.C.M.P. for counsel as R.C.M.P. made no arrests.

(h) Superior officers of the R.C.M.P. were advised of the part taken by members of that force, but did not receive any reports relating to alleged unsanitary conditions.

(i) No.

[Mr. Fisher.]

ARREST OF EDOUARD CLOUTIER, MONTREAL

Question No. 847—**Mr. Orlikow:**

Did the R.C.M.P. participate in the apprehension, arrest or detention, on April 12, 1963, of Edouard Cloutier, 725 boulevard Saraguay, Pierrefonds, district of Montreal and, if so (a) in what capacity did they participate (b) did the R.C.M.P. tell him that he would be questioned for approximately 15 minutes at the police station (c) did the R.C.M.P. search Mr. Cloutier at the police station (d) did the R.C.M.P. hold him incommunicado (e) did they allow him legal counsel (f) on what warrant, and for how many hours did they hold him (g) was his counsel allowed access to police files and reports concerning his detention or arrest?

Answer: (a), (b), (c), (d), (e), (f) and (g)—Answered in part by the reply to question 846. Other than assisting the Montreal city police in conducting the search, members of the R.C.M.P. were not otherwise involved in the interview or detention of Edouard Cloutier, 725 boulevard Saraguay, Pierrefonds, P.Q.

ARREST OF JOSEPH LA RIVIERE, MONTREAL

Question No. 848—**Mr. Orlikow:**

Did the R.C.M.P. assist in the apprehension, arrest or detention of Joseph La Riviere, official reporter, superior court, Montreal, on Friday, April 12, 1963, and, if so (a) in what capacity did the R.C.M.P. act (b) were they equipped with a search warrant (c) was any literature of a religious nature confiscated by the R.C.M.P. (d) were any personal letters seized by the R.C.M.P. (e) did the R.C.M.P. consider that any of the items seized were of a subversive nature (f) where did the R.C.M.P. hold Mr. La Riviere (g) were the accommodations provided him sanitary (h) was he questioned at any time by the R.C.M.P. (i) was Mr. La Riviere permitted legal counsel?

Answer: (a), (b), (c), (d), (e), (f), (g), (h) and (i)—Answered in part by the reply to question 846. Other than assisting in the search, members of the R.C.M.P. were not otherwise involved in the interview or detention of Joseph La Riviere, official reporter, superior court, Montreal.

FEDERAL PROJECTS, THAMES RIVER, ONTARIO

Question No. 865—**Mr. Danforth:**

1. What work has been carried out by the federal Department of Public Works on the Thames river, county of Kent, Ontario (a) before 1940, and (b) since 1940?
2. What was the approximate cost of each of these projects?

Mr. Badanai: 1.—(a) and (b)—Construction and repairs to Chatham retaining wall and dredging in the area.

2.

Fiscal Years	Construction	Repairs	Dredging
1884-1939	$100,289.80	$65,613.26	$100,751.57
1939-40			5,590.32
1945-46			229.00
1946-47			32,508.95
1947-48			60,297.14
1955-56	91.51		
1956-57	26,346.83		
1957-58	817.90		
1958-59	11,102.79	810.00	
1959-60	123.75		
1960-61	167,200.75*		
1961-62	4,928.09*		317.69

*This was a joint project by the federal and Ontario governments. In addition to federal share listed above the contribution by the province of Ontario in 1960-61 was $152,914.42 and in 1961-62 was $4,382.87.

TEACHERS IN NORTHWEST TERRITORIES

Question No. 907—**Mr. Prittie:**

1. How many teachers are employed in the Northwest Territories by the Department of Northern Affairs and National Resources?
2. What has been the annual turnover of teachers in the N.W.T. during 1962, 1961, and 1960?
3. How many native Indian or Eskimo teachers, or teachers' aids, are employed by the department in the N.W.T.?
4. How many native Indians or Eskimos are in training to become teachers?
5. Apart from teachers, how many native Indians or Eskimos are in the employ of the department in the N.W.T.?
6. Apart from teachers, how many persons are working in the field of adult education in the N.W.T.?
7. What steps are being taken to encourage local manufacturing by native Indians and Eskimos in the N.W.T.?

Answer: 1. As of June, 1963, 226 teachers.

2. School year 1959-60 per cent resignations 33.0, 1960-61 per cent resignations 33.1, 1961-62 per cent resignations 30.5, 1962-63 per cent resignations 24.4.

3. Teachers, 1 Indian; teachers' aides, none; classroom assistants, 5 Eskimos.

4. While a few known Indians from the N.W.T. attended university last year, and a number of Indians and Eskimos are expected to attend in the coming academic year, the department has no way of estimating how many of these students may eventually choose teaching careers.

5. As of July 1, 1963, 330 known Eskimos and 76 known Indians.

6. 1 full time civil servant. Local persons when available are used occasionally as resource leaders for evening courses and are paid on an hourly basis.

7. Craft specialists, project officers, and co-operative development officers are stationed in the north to help develop local business ventures and cottage crafts. The department operates an Eskimo loan fund to assist local enterprises. In more than 20 settlements, small operations have been organized to process food, produce crafts and clothing, produce lumber and manufacture boats.

RUSSIAN SUBMARINES, BOMBERS AND MISSILES

Question No. 918—**Mr. Churchill:**

What is the approximate number of (a) U.S.S.R. ocean-going submarines (b) U.S.S.R. bombers capable of reaching half way across the North American continent (c) U.S.S.R. intercontinental ballistic missiles capable of reaching half way across the North American continent?

Answer: As any approximations or estimates made by this government of the numbers involved in the question raised are based on information given to us from various sources on a classified basis, it should be appreciated that it would be neither appropriate nor in the public interest for the government to release such information.

FEDERAL PAROLE OFFICERS

Question No. 921—**Mr. Matheson:**

1. What are the qualifications for a federal service parole officer class one?
2. What salary is paid to such an officer at the present time?
3. Has the government had difficulty in obtaining and retaining qualified people for such appointments?

Mr. Chevrier: 1. The specification issued by the civil service commission for parole service officer 1 reads as follows:

Qualification requirements: Graduation from a university with a post-graduate degree or diploma in criminology, law, pedagogy, psychology, social work or sociology. Ability to communicate effectively both orally and in writing. Personal suitability. Satisfactory physical condition.

2. The salary range for the classification of parole service officer 1 is as follows:

$4380	4560	4740	4920
5160	5400	5640	5880

(increases semi-annual to $5640)

3. Some difficulty has been experienced in obtaining qualified persons for employment

as parole service officers. However, there has not been too much difficulty in retaining such employees.

STRIKING POWER OF RUSSIAN BOMBERS

Question No. 923—**Mr. Cameron (Nanaimo-Cowichan-The Islands):**

1. As of January 1 each year from 1957 to 1963, approximately how many Soviet bombers by types, have been estimated capable of making at least a one-way attack on the main industrial areas of southern Canada and the northern United States?

2. Can each of these Soviet bombers carry H-bombs and, if so, (a) approximately how many H-bombs can each type of Soviet bomber carry (b) what approximately is the estimated total megatonnage of the H-bomb or H-bombs that can be carried by each Soviet bomber of each type?

3. What approximate percentage of these Soviet bombers is it estimated that the active air defences of NORAD would destroy (a) before they reach their target or bomb release position (b) before they reach the 54th parallel (c) before they reach the 60th parallel (d) before they reach mainland Canada?

Answer: 1, 2, and 3. As any approximations or estimates made by this government of the numbers involved in the questions raised are based on information given to us from various sources on a classified basis, it should be appreciated that it would be neither appropriate nor in the public interest for the government to release such information.

STRIKING POWER OF RUSSIAN MISSILES

Question No. 924—**Mr. Cameron (Nanaimo-Cowichan-The Islands):**

As of January 1 each year from 1957 to 1963, approximately how many Soviet intercontinental ballistic missiles have been estimated capable of striking the main industrial areas of southern Canada and the northern United States?

Answer: As any approximations or estimates made by this government of the numbers involved in the question raised are based on information given to us from various sources on a classified basis, it should be appreciated that it would be neither appropriate nor in the public interest for the government to release such information.

RUSSIAN SUBMARINES, BOMBERS AND MISSILES

Question No. 927—**Mr. Churchill:**

What is the estimated number of (a) Soviet ocean-going submarines (b) Soviet bombers capable of reaching half way across the North American continent (c) Soviet intercontinental ballistic missiles capable of reaching halfway across the North American continent?

Answer: As any approximations or estimates made by this government of the numbers involved in the question raised are based on information given to us from various sources on a classified basis, it should be appreciated that it would be neither appropriate nor in the public interest for the government to release such information.

[Mr. Chevrier.]

RAMA, SASK., POSTMASTER

Question No. 929—**Mr. Korchinski:**

1. When was the final date for the acceptance of applications for a postmaster at Rama, Saskatchewan?

2. If no appointment has been made to date (a) what is the reason for the delay and (b) when will the appointment be made?

3. What were the names and addresses of the applicants for this position?

Mr. Denis: 1. There is no date limit.

2. (a) Making inquiries about applicants.

(b) After completion of inquiry, exact date cannot be forecast.

3. Mr. Alex Malowany, Rama, Sask., Mr. Jack Krawetz, Rama, Sask., Mr. Edward Kos, Rama, Sask., Mrs. Annie Melnyk, Yorkton, Sask., Mr. Owen Gunn, Lintlaw and Rama, Sask., Mr. Peter Woroniuk, Rama, Sask.

FEDERAL BUILDING, WALLACEBURG, ONT.

Question No. 944—**Mr. McCutcheon:**

1. Has any preliminary work been done during 1963 in Wallaceburg, Ontario, relative to providing a new post office in that municipality?

2. Are there plans of a specific nature for the construction of a new federal building in Wallaceburg?

3. At what date will construction commence?

Mr. Badanai: 1. Yes, a site has been acquired on William street between Elizabeth and Wellington streets.

2. Yes, preliminary design studies are under way.

3. It is planned to include an item for this project in the 1964-65 estimates.

LION'S HEAD, ONT. POST OFFICE

Question No. 945—**Mr. Loney:**

Is it the government's intention to proceed with the construction of a new post office building in the village of Lion's Head, Ontario?

Mr. Badanai: No, not at the present time.

R.C.A.F. STATION, SUMMERSIDE, P.E.I.—LEASE OF PROPERTY FOR SHOPPING CENTRE

Question No. 946—**Mr. MacLean (Queens):**

Has a lease been granted on Department of National Defence property at R.C.A.F. station, Summerside, for a shopping centre and, if so, what is the name of the lessee?

Answer: No lease has been granted on R.C.A.F. property for purposes of a shopping centre.

REPORTS ON UNIDENTIFIED FLYING OBJECTS

Question No. 949—**Mr. Kelly:**

Does the R.C.A.F., or any other government department or agency operate a centre for the compilation, collection and investigation of reports of unidentified flying objects and, if so (a) who operates the centre (b) are the reports of the investigations available to the public (c) how may these reports be obtained?

Answer: Yes, the R.C.A.F. While it is not the policy of the department to deny the public information on unidentified flying objects such reports are not produced in published form. Investigations to date have classified the sightings as of either man made objects of which we are aware, or of natural phenomena well known in scientific circles but unfamiliar to the general public.

RESTORATION OF H.D.-4 HYDROFOIL

Question No. 958—**Mr. Muir (Cape Breton North and Victoria):**

1. What progress is being made on the restoration plan for the H.D.-4 hydrofoil?
2. How soon will actual work take place on this project?

Answer: 1. Substantial progress has been made on the plans for the restoration of the H.D.-4 hydrofoil. All the field work has been completed and the reports, drawings and cost estimates, are now being prepared by a consulting naval architect. These should be completed this summer.

2. It is planned to begin the structural restoration work on the H.D.-4 in 1964.

COST OF LIVING INDEX

Question No. 960—**Mr. Mather:**

What is the relationship, percentage-wise between the June 1, 1963 cost-of-living index and that of June 1, 1939?

Answer: The consumer price index was 62.6 in June 1939 and 132.8 in June 1963 (1949=100). The index rose 112.1 per cent between June 1939 and June 1963.

C.B.C. HEADQUARTERS, OTTAWA

Question No. 966—**Mr. MacEwan:**

Has a contract been awarded for a new C.B.C. headquarters at Ottawa and, if so (a) what is the name of the contractor and (b) when is it expected that the work will be completed?

Mr. Pickersgill: I am informed by the Canadian Broadcasting Corporation as follows:

Yes. (a) Dell Construction Limited (b) December 1963.

C.B.C. HEADQUARTERS, MONTREAL

Question No. 967—**Mr. MacEwan:**

Is it the intention of the Canadian Broadcasting Corporation to call tenders for a new site for its headquarters in Montreal during the fiscal year 1963-64 and, if so (a) when is it expected that tenders will be called and (b) what is the estimated cost of this construction?

Mr. Pickersgill: I am informed by the Canadian Broadcasting Corporation that the answer is in the negative.

C.B.C. HEADQUARTERS, TORONTO

Question No. 968—**Mr. MacEwan:**

Is it the intention of the Canadian Broadcasting Corporation to call tenders for a new site for its headquarters in Toronto during the fiscal year 1963-64, and, if so (a) when is it expected that tenders will be called and (b) what is the estimated cost of this construction?

Mr. Pickersgill: I am informed by the Canadian Broadcasting Corporation that the answer is in the negative.

CHALK RIVER, ONT.—DEATHS FROM RADIOACTIVE EXPOSURE

Question No. 971—**Mr. Peters:**

From 1952 to 1963, how many deaths have occurred at Chalk River as a result of exposure to radioactive materials?

Answer: None.

HOWSE PASS ROUTE THROUGH ROCKIES

Question No. 974—**Mr. Horner (Acadia):**

Has the government received representation from persons and/or parties promoting the Howse pass as the second trans-Canada route through the Rockies?

Mr. Badanai: Yes, such representations have been received by the Department of Public Works.

MAIL CONTRACT, R.R. 2, AMHERST, N.S.

Question No. 979—**Mr. Coates:**

1. Are tenders to be called by the Post Office Department for mail delivery on R.R. No. 2, Amherst, and, if so, for what reason?
2. How many years has the present contractor, W. W. Embree, carried out the service of contractor for R.R. No. 2, Amherst?

Mr. Denis: 1. Yes. To secure a new contract to commence on October 1, 1963.

Present contract due to expire September 30, 1963.

2. 40 years.

FOX RIVER, N.S., POSTMASTER

Question No. 983—**Mr. Coates:**

Has a postmaster been appointed at Fox river, Cumberland county, Nova Scotia and, if so, what is his name?

Mr. Denis: No.

FISHERIES GUARDIANS, CUMBERLAND COUNTY, N.S.

Question No. 985—**Mr. Coates:**

What are the names of the fisheries guardians appointed for Cumberland county to patrol the areas, Maccan river, Shinimikas river, Tidnish river, and the river Philip, Wallace and Pugwash rivers?

Answer: Maccan river, Charles Blenkhorn; Shinimikas river, Arthur Pipes; Tidnish river, Norman F. McPhee; river Philip, Wallace and Pugwash rivers, Keith Parker.

EMPLOYMENT OF CARLSON NELSON, FISHERIES DEPARTMENT

Question No. 986—**Mr. Coates:**

1. Were representations received by the Department of Fisheries from any persons or associations

for the removal of Carlson Nelson as cook-deckhand, on the fisheries patrol boat *MYA II* and, if so, what are the names of persons or associations making these representations to the department?

2. Was Carlson Nelson given the understanding when taken on strength by the department that he would be employed for the period April 16, 1963 to December 15, 1963?

Answer: 1. No.

2. This type of employment is at pleasure.

WHARF ADDITION, BADDECK, N.S.

Question No. 989—**Mr. Muir (Cape Breton North and Victoria):**

What consideration is being given to the addition of an extension and an ell to the public wharf at Baddeck, Nova Scotia, to easier facilitate the loading of pulpwood at that port?

Answer: This matter is now being investigated by department engineers.

AGRICULTURAL DEFICIENCY PAYMENTS

Question No. 990—**Mr. Korchinski:**

Does the government intend to provide deficiency payments which will protect farmers in seasons of price declines by calculating payments on a quarterly, instead of an annual basis, and, if not, what if any, difficulties prohibit the making of such payments?

Mr. Hays: The government does not plan to provide deficiency payments under the Agricultural Stabilization Act to farmers on a quarterly instead of an annual basis. Studies have shown that on the average deficiency payments on a quarterly basis, since this would also involve the use of a quarterly base price, would not provide any advantage from the standpoint of the producer. On the other hand payment on a quarterly basis would greatly complicate the administrative problem from the standpoint of both the producer and the government.

*SECRECY OATH, PARLIAMENTARY SECRETARY TO FINANCE MINISTER

Question No. 676—**Mr. Fisher:**

1. Has it been the practice to administer an oath of secrecy to parliamentary secretaries upon taking office?

2. Was the oath administered to Mr. E. J. Benson because he was assisting with the budget?

3. Has an oath been administered to other parliamentary secretaries in the new government?

4. Was Mr. Benson's assistance with the budget a new departure for the parliamentary secretary to the Minister of Finance?

5. Does the administration of the oath to Mr. Benson mark a change in the status of the office of parliamentary secretary?

6. Does the administration of the oath mean that the parliamentary secretary is now a member of the ministry?

Mr. Pickersgill: 1. No.

2. Yes.

3. Yes, to the parliamentary secretary to the Secretary of State for External Affairs on July 4, 1963.

[Mr. Coates.]

4. No.

5 and 6. The status of parliamentary secretaries is set out in Chapter 15, S.C. 1959, the Parliamentary Secretaries Act.

(Translation):

DOMINION-PROVINCIAL CONFERENCE

REPORTED MEETING WITH PREMIER OF QUEBEC

On the orders of the day:

Mr. Gilles Gregoire (Lapointe): Mr. Speaker, I should like to direct a question to the Minister of Justice. Did the minister accompanied by several other members of the present federal cabinet go to Quebec city yesterday to meet the premier of the province of Quebec?

Hon. Lionel Chevrier (Minister of Justice): Mr. Speaker, the answer is yes.

Mr. Gregoire: A supplementary question, Mr. Speaker. Is it true that the talks dealt primarily with the federal-provincial conference to be held this week and that they ended in complete disagreement?

Mr. Chevrier: Mr. Speaker, the discussions were held in a friendly atmosphere and I would not hesitate to say that they were also fruitful.

(Text):

LABOUR RELATIONS

NORRIS COMMISSION—INQUIRY AS TO GOVERNMENT ACTION

On the orders of the day:

Mr. T. C. Douglas (Burnaby-Coquitlam): Mr. Speaker, may I direct a question to the Prime Minister. Having regard to the serious situation in the great lakes shipping industry, may I ask the Prime Minister when he will be making some announcement as to what action the government intends to take regarding the implementation of the Norris commission report?

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, we will be making an announcement at the earliest possible date, but it is quite clear that the announcement will not cover the implementation of all the recommendations or, indeed, decisions with regard to all the recommendations. However, we are proceeding with this matter with all possible speed.

Mr. H. W. Herridge (Kootenay West): A supplementary question, Mr. Speaker, in view of my long standing interest in this problem. Will the Prime Minister assure the house that we will have ample opportunity to debate the contents of the Norris report and all the related circumstances?

Mr. Pearson: There should be ample opportunity when the Department of Labour estimates are before the house.

Hon. Paul Martineau (Pontiac-Temiscamingue): A supplementary question to the Prime Minister, Mr. Speaker. In view of his previous answer would he tell the house whether the government intends to implement immediately, without awaiting the interdepartmental committee report or the reports of any other committees that may be established, the recommendation to set up a three man trusteeship to assume temporary control of the S.I.U. and the other unions mentioned in the Norris report?

Mr. Pearson: Mr. Speaker, it surely would be foolish to set up an interdepartmental committee to advise the government on this matter and then announce now that we are going to act before that committee's report has been received.

Mr. Martineau: Does the Prime Minister not admit the urgency of this particular situation?

Mr. Pearson: Of course I do, but I am also conscious of the necessity of acting with wisdom in this matter.

INQUIRY AS TO MEETING WITH U.S. SECRETARY OF LABOUR

On the orders of the day:

Mr. A. D. Hales (Wellington South): Mr. Speaker, I wish to address a question to the Minister of Labour. In view of the minister's announcement that he was going to meet with the United States secretary of labour, Willard Wirtz, following receipt of the Norris report, would he advise the house whether he has held this meeting with the secretary of labour and, if so, what was the outcome of the meeting.

Hon. A. J. MacEachen (Minister of Labour): No, Mr. Speaker, such a meeting has not yet been held. It was understood, following previous meetings, that a further meeting would be held after presentation of the Norris report. We have not pressed from this end for an immediate meeting because of the present preoccupation of secretary Wirtz in his own country, but we hope a suitable time will be available in the near future for such a meeting.

BRITISH COLUMBIA—INQUIRY AS TO STRIKES BY LONGSHOREMEN AND FISHERMEN

On the orders of the day:

Mr. Barry Mather (New Westminster): I should like to direct a question to the Minister of Labour. In view of the potentially grave situation in the lower mainland area of British Columbia because of the waterfront dispute, the fishermen's strike and so on, can the minister give the house some report on that situation and tell us what the prospects are for settlement?

Hon. A. J. MacEachen (Minister of Labour): I can report to the house on the situation existing on the waterfront. In so far as the longshoremen's union is concerned, I understand that normal operations on the waterfront were undertaken on Saturday last, and I expect the present negotiations will continue between the shipping federation and the British Columbia longshoremen's union. I think, in the light of the very lengthy negotiations that have taken place between the parties, there is still some expectation that a resolution of the dispute will be reached in this way.

FINANCE

INQUIRIES RESPECTING U.S. MODIFICATION OF TAX IMPOSED

On the orders of the day:

Hon. Marcel Lambert (Edmonton West): Mr. Speaker, I should like to direct a question to the Minister of Finance. Would the minister advise the house whether the negotiations of last week end with respect to the special excise tax on foreign investment proposed by the President of the United States involved any concessions by the Minister of Finance related to the withholding tax proposals in his recent budget?

Hon. Walter L. Gordon (Minister of Finance): No, they did not, Mr. Speaker.

Mr. G. H. Aiken (Parry Sound-Muskoka): Mr. Speaker, I have a question for the Prime Minister in connection with the announcement he made today concerning exemptions. Is the exemption which he mentioned applicable to all companies by regulation, or will the President consider each bond issue as it arises?

Mr. Gordon: Perhaps I might answer that question, Mr. Speaker.

There is no suggestion, as was pointed out in the Prime Minister's statement this afternoon, that there would be any rationing against individual purchases in the way the hon. member has suggested.

Mr. Aiken: May I ask a supplementary question. Do I understand, then, that the power of the President in this matter would enable him to decide which Canadian company or issue should be exempt from the regulation?

Mr. Gordon: There was no suggestion whatever of that kind.

[*Later:*]

Mr. A. D. Alkenbrack (Prince Edward-Lennox): Mr. Speaker, may I direct a question to the Minister of Finance. Who were the men who represented the Canadian government in the financial negotiations with the United States government, as announced this day by the Prime Minister?

Mr. Gordon: Well, Mr. Speaker, the names were mentioned in the communique which was issued last night at six o'clock here in Ottawa and in Washington. For Canada they were Ambassador Charles S. A. Ritchie; Mr. Louis Rasminsky, governor of the Bank of Canada; Wynne Plumptre, assistant deputy minister of finance, and Mr. A. E. Ritchie, assistant secretary of state for external affairs.

Mr. J. H. Horner (Acadia): Mr. Speaker, may I direct a question to the Minister of Finance. In view of a report in this morning's *Globe and Mail* in which the minister is reported as saying that the United States administration has agreed that its proposed tax legislation will provide power for the president to establish exemptions from time to time on new Canadian securities issues floated on the United States market, does this give the President of the United States unprecedented power and control over the economy of Canada?

Mr. Gordon: I would suggest, Mr. Speaker, that my hon. friend read the whole communique. If he does he will see that there is another statement, which perhaps I might read for his benefit:

> It is the hope and expectation of both governments that by maintaining close consultation it will prove possible in practice to have an unlimited exemption for Canada without adverse effect on the United States.

Mr. G. H. Aiken (Parry Sound-Muskoka): Mr. Speaker, I have a supplementary question which is also supplementary to the earlier question I asked of the Minister of Finance. By way of clarification, and in order to ask the question, I would just like to read an item in the *Gazette* which is taken from his press conference—

Hon. J. W. Pickersgill (Secretary of State): On a point of order, Mr. Speaker, it seems to me that we are not now on the question period at all but are embarking on a debate on a matter that is not before the house at the present time. The rules should be observed so that we can get on with the business that is prescribed for today.

Mr. Speaker: I must say I agree with the Secretary of State. If the hon. member has a question that is supplementary, would he make it short?

[Mr. Gordon.]

Mr. Aiken: Well, Mr. Speaker, I want to get some clarification because I asked two original questions which are at variance with this report of the press conference, and I would like for clarification—

Mr. Pickersgill: This is a debate.

Mr. Speaker: I am sorry, but I must interrupt the hon. member. This is the question period and we are, as has been suggested, entering upon a debate. Has the hon. member for Acadia a supplementary question?

Mr. Horner (Acadia): Mr. Speaker, I have a question supplementary to my original question, and I will make it brief. With regard to the unlimited exemptions wished by the Canadian government, can the minister assure us that an official statement will be issued soon by the United States government that unlimited exemptions will be made on behalf of Canada?

Mr. Gordon: Mr. Speaker, the communique that was issued in Washington and in Ottawa last night made it clear that the United States authorities plan to include the provision that is set out in this communique in the proposed legislation to congress. I do not know whether I should add to that, except to say that the Canadian government proposes to be in continual touch with the United States government on this matter. I think most hon. members will agree that quite a lot has been accomplished to relieve the situation as it was announced at noon on Thursday of last week, and certainly the reaction of the security markets bears out that statement.

Mr. Aiken: May I ask a supplementary question, Mr. Speaker, having regard to the reply that has just been given. Did the Minister of Finance in a press conference state that a ruling would have to be made by the President of the United States on each bond issue?

Mr. Gordon: I have no record at the moment of the transcript of the press conference, but I have already stated in this house that that was not the intention and was not discussed at the conferences over the week end.

SPECIAL ASSISTANTS—CERTIFICATE OF DEPUTY MINISTER

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, may I direct a question to the Minister of Finance based on sessional paper No. 39D, which was tabled on Friday, July 19, and in which it is indicated that no written contracts were entered into with the minister's special budget assistants. In view of earlier statements made to us I am sure the minister will agree that I might

have made a question of privilege out of this, but I will leave that until later and will confine myself today to a question.

In view of the stipulation in section 32 of the Financial Administration Act, that payment for work under a service contract cannot be made until the deputy minister of the department concerned has certified that the service was rendered and that the price charged was according to the contract, may I ask whether the deputy minister of finance issued such a certificate before payments were made to the minister's special budget assistants?

Hon. Walter L. Gordon (Minister of Finance): Mr. Speaker, I cannot answer that question today, but I will be glad to take it as notice and get an answer just as soon as I can.

EXTERNAL AFFAIRS

NUCLEAR TEST BAN—REQUEST FOR REPORT ON MOSCOW CONFERENCE

On the orders of the day:

Mr. H. A. Olson (Medicine Hat): I should like to direct a question to the Secretary of State for External Affairs arising out of an announcement today claiming that a treaty respecting a ban on nuclear testing in the atmosphere, in outer space and under the water has been agreed to in final form in Moscow. I should like to ask the minister if this final stage actually has been reached in the negotiations.

Hon. Paul Martin (Secretary of State for External Affairs): Mr. Speaker, when I came into the house today I made some inquiry. I am not aware that any definite agreement has been reached. However, the hon. gentleman may have obtained news of this over the wire since we came into the house. I think it would be preferable for me to postpone any statement until I have had an opportunity of examining the situation. Perhaps I could make a statement tomorrow.

HAILE SELASSIE—INVITATION TO VISIT CANADA

On the orders of the day:

Mr. R. N. Thompson (Red Deer): I should like to direct my question to the Secretary of State for External Affairs. In view of the fact that the recent conference which resulted in the setting up of the organization of African unity was held in Addis Ababa, and that His Imperial Majesty Haile Selassie assumed the leading role in the calling of this first all-African conference; and in view of the fact that it has been publicly announced that the emperor will visit the United States in October, has the government given consideration to extending an invitation to Emperor Haile Selassie to visit Canada at that time?

Hon. Paul Martin (Secretary of State for External Affairs): Mr. Speaker, the house will recognize the hon. gentleman's interest in the proposed visit of the Emperor of Ethiopia to the United States, because of the hon. member's long association with the public service of that country. I am happy to be able to announce that Emperor Haile Selassie of Ethiopia has been invited to visit Canada at the conclusion of the visit which the emperor will be making to the United States early in October.

I am sure all members of the house will join me in expressing the hope that the emperor, whose courageous leadership of his country has commanded world wide respect, will be able to accept this invitation.

WEST GERMANY—MILITARY AID TO AFRICAN COUNTRIES

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, may I address a question to the Secretary of State for External Affairs. In view of a statement by a representative of the West German government that it is granting military assistance to African countries with the agreement of its NATO allies, and in view of the fact that this was a subject of discussion at the recent meeting of the NATO council in Ottawa, will the minister inform the house whether the Canadian government gave its consent to the arming of African nations by West Germany?

Hon. Paul Martin (Secretary of State for External Affairs): Mr. Speaker, my hon. friend was kind enough to give me notice of his intention to ask this question. However, there are some implications of the question I would like to consider further. I shall reply at a later date.

HOUSE OF COMMONS

INQUIRY AS TO PAYMENT OF STAFF DURING RECESS

On the orders of the day:

Mr. L. E. Cardiff (Huron): I have a question for the Secretary of State and government house leader. Is it the intention of the government to retain the services of private members' secretaries with pay during the proposed summer recess?

Hon. J. W. Pickersgill (Secretary of State): Mr. Speaker, I do not think this is a matter for the government as such. I think it would be a question for the commissioners of internal economy and possibly for the house, but I would hope that it would be possible to do so.

Inquiries of the Ministry

NORTHERN AFFAIRS

ST. AUGUSTINE, QUEBEC—REQUEST FOR INVESTIGATION OF PLIGHT OF INDIANS

On the orders of the day:

Mr. P. V. Noble (Grey North): I should like to direct a question to the Minister of Northern Affairs and National Resources. Will the minister look into the plight of 20 Indians, nine of whom are children, at St. Augustine, Quebec, who I am advised by telegram from a friend of mine who is fishing there are in very bad circumstances?

Hon. Arthur Laing (Minister of Northern Affairs and National Resources): I will take the question as notice, and I hope to be able to clarify the matter tomorrow.

FLAT RIVER, N.W.T.—CLOSING OF TUNGSTEN MINE

On the orders of the day:

Mr. Gene Rheaume (Northwest Territories): Mr. Speaker, I wish to address a question to the Minister of Northern Affairs and National Resources. Has the minister any information to give the house relating to the operation of the Canada Tungsten mine at Flat River in the Northwest Territories?

Hon. Arthur Laing (Minister of Northern Affairs and National Resources): Mr. Speaker, I regret to have to confirm the announcement made by Mr. Hall, the secretary treasurer of the company, that due to economic conditions the mine has had to close down, throwing some 65 men out of work. This was due to the uneconomic price brought about by quotations from the Sino-Soviet block which have reduced the price of trioxide from $18.50 a unit to $7.75 a unit. In fact we have a situation in Canada where Canadian steel firms are buying trioxide from South Korea. The price is abnormally low, and the company in question could only operate at a heavy loss.

I am sure the interest of the house is in the investment which the Canadian government has made in that area, involving some $758,000 in all, in respect of an airfield and a road to the mine; but I am sure the hon. member for Northwest Territories will agree with me that work—surveys and that sort of thing—are going ahead at a very great rate in that area, and not all will be lost. We hope the investment there can be retrieved and that the economic position of this particular metal will return to the point where the mine will reopen.

[Mr. Pickersgill.]

SUGGESTED EXTENSION OF ROADS TO RESOURCES PROGRAM

On the orders of the day:

Mr. S. J. Korchinski (Mackenzie): Mr. Speaker, I have a question for the Minister of Northern Affairs and National Resources. I wonder whether the minister would consider holding a joint meeting with the Minister of Public Works on the occasion upon which the Minister of Public Works will hold a conference with the provincial premiers or the ministers in charge in which they will discuss the second trans-Canada highway; and will the minister consider the advancement or the extension of the northern roads to resources program on that occasion, since there are programs—

Some hon. Members: Order.

Mr. Speaker: Order. I think the question has already been stated.

Mr. Korchinski: Well, what are they going to do about it?

NORTHWEST TERRITORIES—DELAY IN UNIVERSITY TRAINING PROGRAM

On the orders of the day:

Hon. W. G. Dinsdale (Brandon-Souris): Mr. Speaker, I have a question for the Minister of Northern Affairs and National Resources related to the one asked by the hon. member for Burnaby-Coquitlam but relating specifically to the Northwest Territories. A week ago Friday I inquired concerning the fate of the university training program for the young people of the Northwest Territories. I am wondering whether the minister has any information for the house.

Hon. Arthur Laing (Minister of Northern Affairs and National Resources): Mr. Speaker, I thank the hon. member for Brandon-Souris for having in effect served notice of this question. I am quite sure he is aware that under the territories act as it presently stands, the territorial government can give grants but they cannot extend loans. I am sure he is further aware that the necessary legislation to grant loans to students is dependant upon the early completion of the legislation to which we have now given first reading. I sincerely hope that he will persuade his followers on that side of the house, when later on this year we come to second reading, to get the legislation on the books quickly. I am most hopeful that the plan, which was initiated by the previous government and not by ourselves, to bring students from that area to the universities of southern Canada will be carried out.

Mr. D. V. Pugh (Okanagan Boundary): Mr. Speaker, I have a supplementary question. Would the minister consult the house leader, the Secretary of State, and ask him when this legislation is going to be put on the order paper and brought forward?

Mr. Dinsdale: Mr. Speaker, my question is supplementary. Could not this matter be handled by the Northwest Territories council under the terms of the five year agreement that was made between Ottawa and that body last year? The reason I raised that question while the council was in session was to be certain that it would be dealt with at that time.

Mr. Laing: Mr. Speaker, I am aware of the hon. gentleman's problem, and I will make inquiries.

GRAIN

WHEAT—INQUIRY AS TO INITIAL PRICE

On the orders of the day:

Mr. S. J. Korchinski (Mackenzie): Mr. Speaker, I should like to direct a question to the Minister of Trade and Commerce. Because of the approach of the new crop year, is the minister now in a position to tell us if delivery of the initial quotas of all grades of wheat will qualify for the $3 per bushel payment?

Hon. Mitchell Sharp (Minister of Trade and Commerce): I expect to be able to make an announcement this week on the initial price, Mr. Speaker.

Mr. C. O. Cooper (Rosetown-Biggar): I should like to direct my question to the Minister of Trade and Commerce, but it was partly answered by the answer the minister gave to the hon. member for Mackenzie. I have had many letters from my constituents concerning the setting of the price of wheat. Many of my constituents thought that the price was set last February and March—

Some hon. Members: Order.

Mr. Cooper: —when $2 per bushel was promised as the floor price.

Mr. Speaker: Order. What is the question?

Mr. Cooper: My question is, as our crop year ends on the last day of July, does the minister intend to change this price at this late date?

Mr. Sharp: When I make my announcement the hon. gentleman's curiosity will be satisfied.

INQUIRY AS TO AVAILABILITY OF BOX CARS

On the orders of the day:

Mr. Jack McIntosh (Swift Current-Maple Creek): I have a question for the Minister of Trade and Commerce which has to do with box car allocation on the prairies. As the minister knows, an announcement by the Canadian wheat board as to the quota extension on the prairies to 12 bushels is just idle words when the wheat cannot be moved. The situation is such at the present time—

Some hon. Members: Order.

Mr. McIntosh: —that there are no box cars. Would the minister assure the house that box cars will be available to all these points to take away the quota which the wheat board has now prescribed?

Hon. Mitchell Sharp (Minister of Trade and Commerce): Mr. Speaker, I think the Canadian wheat board is well aware of the problem and is doing everything it can to make the 12 bushel quota available to all farmers. May I remind the hon. gentleman that even though a year ago there were no restrictions at that time and now there is a 12 bushel quota, in fact deliveries of grain in this crop year are 200 million bushels more than up to this time a year ago. In other words there is now more grain which has to be handled.

Mr. McIntosh: My question had nothing to do with the quota. I want to know if the wheat board is going to be able to move it. The quota means nothing to farmers.

Mr. J. E. Pascoe (Moose Jaw-Lake Centre): Mr. Speaker, I have a supplementary question for the Minister of Trade and Commerce. In view of the fact that the end of the crop year is only eight days away, will he consider suggesting to the wheat board that the 12 bushel delivery privilege be extended past July 31, to ensure that all farmers throughout the country can have their crop handled?

Mr. Sharp: I will be very happy to make this suggestion, but I think the members of the board also read *Hansard*.

SUGGESTED TRANSFER OF WHEAT BOARD TO DIFFERENT DEPARTMENT

On the orders of the day:

Mr. S. J. Korchinski (Mackenzie): Mr. Speaker, I have a question for the Prime Minister. Since there appears to be a huge wheat crop in the offing, would the Prime Minister consider the transfer of the wheat board once more to another department so that wheat sales, which contribute so much to our balance of payments position—

Mr. Speaker: Order, please. What is the question?

Mr. Korchinski: —so that it may be under a minister who is prepared to assume responsibility, since the Minister of Trade and Commerce has repeatedly insisted that the wheat board, and not he, is responsible for the sale of grain?

Mr. Speaker: I did not ask the hon. member to repeat the premise. I asked what his question was.

Right Hon. L. B. Pearson (Prime Minister): The answer, Mr. Speaker, is that these matters have never been in better hands.

[*Later:*]

Mr. Speaker: The hon. member for Humboldt-Melfort-Tisdale.

Mr. Reynold Rapp (Humboldt-Melfort-Tisdale): Mr. Speaker, I had in mind to direct a question to the Minister of Trade and Commerce pertaining to the price of wheat, but that question was asked by another hon. member. The answer given by the minister is not quite satisfactory to me because I have a reservation about this matter.

TRADE

LUMBER—U.S. DECISION TO MARK IMPORTS WITH COUNTRY OF ORIGIN

On the orders of the day:

Hon. Marcel Lambert (Edmonton West): My question is directed to the Minister of Trade and Commerce, Mr. Speaker. Is the minister aware of a recent decision of the senate of the United States that all lumber imports to that country shall bear markings of the country of origin? Does he envisage an adverse effect of this decision on Canada's lumber exports to the United States, in the light of representations that were made seven months ago with regard to curtailing Canada's exports of lumber to that country?

Hon. Mitchell Sharp (Minister of Trade and Commerce): I am aware of what has happened in congress, and the Canadian government is continuing to make representations in the hope that before legislation becomes law this particular provision will be removed.

HOUSING

REQUEST FOR FINANCING OF EXISTING HOMES

On the orders of the day:

Mr. O. W. Weichel (Waterloo North): I should like to address a question to the Minister of National Revenue. This question refers to the possibility of Central Mortgage and Housing Corporation making loans on old homes, which I believe would be a wonderful thing, as many people have a limited amount of cash. Under conditions as they are now, these people have to buy new homes. Will the minister advise what his intentions are in so far as present loans are concerned?

Hon. J. R. Garland (Minister of National Revenue): I am afraid that I cannot satisfy the hon. member's curiosity today. As he knows, there are amendments to the National Housing Act on the order paper, and I am afraid he will have to wait until the legislation can be brought before the house.

HEALTH AND WELFARE

RADIOACTIVE FALL-OUT—RECOMMENDATIONS OF VOICE OF WOMEN

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. My question is based on a brief addressed to her, under today's date, by the research committee of the Voice of Women, in support of which I understand representatives of that committee sought to see her today. Is the government giving consideration to the recommendations in this brief concerning the monitoring of radioactive fall-out and steps that might be taken to counter the contamination of food?

Hon. Judy V. LaMarsh (Minister of National Health and Welfare): Mr. Speaker, may I say I have seen neither the delegation nor the brief, but I assume the latter will be somewhere in the department and it will be studied in due course.

NATIONAL DEFENCE

NATO—POSSIBLE RECALL OF CANADIAN AIR DIVISION

On the orders of the day:

Hon. Paul Martineau (Pontiac-Temiscamingue): Mr. Speaker, I have a question for the Minister of National Defence. Will the minister state whether the government is considering recalling to Canada the air division operating with NATO forces in Europe for tactical, strategic or other possible reasons?

Hon. Paul Hellyer (Minister of National Defence): Not at the present time.

Mr. Martineau: Is the minister considering it for the future?

(Translation):

POSSIBLE CLOSING OF RADAR STATIONS

On the orders of the day:

Some hon. Members: Hear, hear.

Mr. Auguste Choquette (Lotbiniere): Mr. Speaker, I quite understand the reason for

that applause. This seems to be the last parliament in which the Social Credit party will be represented.

I should like to direct a question to the Associate Minister of National Defence. Has the minister made any plan concerning the radar system which could affect the existence of certain stations, in particular that of St. Sylvestre, in the riding of Lotbiniere?

Hon. Lucien Cardin (Associate Minister of National Defence): Mr. Speaker, a few weeks ago the Minister of National Defence stated that in view of the developments and technical improvements achieved in the field of radar, the Department of National Defence would have to do an overall study of our detection system to determine whether it would not be possible to make some savings by eliminating any possibility of duplication without, however, reducing the efficiency of our national warning system.

No decision has yet been taken concerning our radar stations.

(Text):

REFUSAL OF INFORMATION RESPECTING RUSSIAN BOMBERS

On the orders of the day:

Hon. Gordon Churchill (Winnipeg South Centre): Mr. Speaker, I have a question for the Minister of National Defence. Since the government has authorized the publication of the estimated number of Russian divisions opposing our forces in Europe, the estimated number of Russian tanks and the estimated number of Russian ocean going submarines, why is it not in the public interest to let parliament and the public know the estimated number of Russian bombers that could reach this continent?

Hon. Paul Hellyer (Minister of National Defence): Mr. Speaker, this matter has been gone into very carefully. As I indicated to the special committee on defence, it was considered that it would not be advisable for the government to confirm or deny specific figures with respect to the threat to North America.

Mr. Churchill: May I ask the Minister of National Defence if it is his intention to discipline the chiefs of the navy and the army who have disclosed information concerning Russian divisions, Russian tanks and Russian ocean going submarines?

Mr. Hellyer: No, Mr. Speaker. The figures they put forward were given with my knowledge, but in future we will not follow this practice of making public even estimated figures on an unclassified basis.

Inquiries of the Ministry

APPEARANCE OF NATO COMMANDER BEFORE SPECIAL COMMITTEE

On the orders of the day:

Mr. A. B. Patterson (Fraser Valley): Mr. Speaker, I should like to ask the Minister of National Defence whether consideration is being given to having General Lemnitzer, supreme allied commander of the NATO forces, meet with the special committee on defence in the course of his visit to Ottawa this week.

Hon. Paul Hellyer (Minister of National Defence): Mr. Speaker, I do not think provision has been made for that, but I understand he is to deliver a message to the NATO parliamentary association on Wednesday morning, if I am not mistaken, and this will be open to all hon. members of this house. If it is like previous visits by former supreme allied commanders I would recommend that all members who can do so take the opportunity to attend and pose their questions to General Lemnitzer.

ADVERTISING

REPORTED STATEMENT AS TO PROPOSED FEDERAL EXPENDITURES

On the orders of the day:

Mr. Gilles Gregoire (Lapointe): Mr. Speaker, I should like to direct a question to the Minister of Trade and Commerce. In view of the question I asked last week as to whether there are some French Canadian advertising agencies among the new agencies of his department, and in view of the answer of the minister that he would take the question as notice, is the minister now in a position to tell us whether there are some French Canadian advertising agencies dealing with his department?

Hon. Mitchell Sharp (Minister of Trade and Commerce): Mr. Speaker, I have inquired, and I suggest to the hon. member that if he would state his question precisely on the order paper, it will be answered.

Mr. D. M. Fisher (Port Arthur): Mr. Speaker, I should like to ask the Prime Minister whether he had the time over the week end to check with Mr. Keith Davey, about whom we were asking questions on Friday, and determine how Mr. Davey came to make the announcement about government advertising expenditures. Could the Prime Minister give us any indication as to whether this was an accurate statement?

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, Mr. Davey did not make a formal announcement on behalf of the government, and was not authorized to do so.

Inquiries of the Ministry

Hon. Michael Starr (Ontario): I have a supplementary question, Mr. Speaker. I also directed a question to the Prime Minister on the same subject, in that I asked whether it was the decision of Mr. Davey or the government to increase the expenditure on advertising from $7 million to $12½ million. I wonder whether the Prime Minister could now give me an answer to that question.

Mr. Pearson: Mr. Speaker, only the government could make any such increase, but no such increase was in fact made in government advertising expenditures.

PUBLIC WORKS

CANAL BRIDGE, CHESTER, N.S.—INQUIRY AS TO REPAIR

On the orders of the day:

Mr. Lloyd R. Crouse (Queens-Lunenburg): Mr. Speaker, I should like to direct a question to the Minister of Public Works. The canal bridge at Chester broke down in late April. It has been temporarily repaired by the provincial authorities, but in view of the fact that heavy tourist traffic now crosses the bridge daily, and it is a federal responsibility, would the minister give consideration to immediately carrying out permanent repairs?

Some hon. Members: Order paper.

Hon. J. P. Deschatelets (Minister of Public Works): Mr. Speaker, I will take this question as notice.

TRANS-CANADA AIR LINES

WINNIPEG MAINTENANCE BASE—INQUIRY AS TO REPORT

On the orders of the day:

Hon. Gordon Churchill (Winnipeg South Centre): Mr. Speaker, I have a question for the Minister of Transport. Would he give the house today the answer to the question put to him previously by the hon. member for Portage-Neepawa, who is unavoidably absent? The question is of interest to many members of parliament and to all the people in Winnipeg; it deals with the report that is expected concerning the T.C.A. overhaul and maintenance base there.

Hon. G. J. McIlraith (Minister of Transport): Mr. Speaker, the question appears at page 2338 of *Hansard*. It was:

—has the report of R. Dixon Speas and Associates been received to date and, if not, has the minister's office any indication when it may be expected?

I immediately had inquiries made on the subject, and regret to have to advise the house that R. Dixon Speas and Associates have advised Trans-Canada Air Lines that they require a portion of August to assure preparation of a suitable, comprehensive report.

ARTS, LETTERS AND SCIENCES

REPORTED GOVERNMENT INTENTION TO SET UP SCHOLARSHIPS

On the orders of the day:

Mr. T. C. Douglas (Burnaby-Coquitlam): Mr. Speaker, may I direct a question to the Minister of Northern Affairs and National Resources and ask him when we may expect some action to give effect to the announcement which he made in the Toronto *Daily Star* of May 1 regarding the government's intention of setting up 10,000 scholarships of $1,000 each.

Hon. Arthur Laing (Minister of Northern Affairs and National Resources): Mr. Speaker, I am quite certain that when this policy is announced it will be announced in the house.

An hon. Member: You announced it.

Mr. Laing: I will continue to do my best to see that the policy is announced at the earliest possible moment.

INQUIRY OF THE MINISTRY

On the orders of the day:

Mr. L. J. Pigeon (Joliette-L'Assomption-Montcalm): Mr. Speaker, I would like to address a very important question to the Secretary of State. In 1943 the government, by order in council, established the Canada medal. Is it the government's intention to award this medal to someone?

Hon. J. W. Pickersgill (Secretary of State): Mr. Speaker, as this question has been outstanding for 20 years it does not seem to me to be urgent.

Mr. Pigeon: A supplementary question. Is it the intention of the minister to award this medal to Mr. Smallwood, champion of human rights?

POWER

SUGGESTED STUDY OF RUSSIAN METHODS AND TECHNIQUES

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, I wish to address a question to the Minister of Northern Affairs and National Resources. In view of the fact that United States Secretary of the Interior Udall sent some of his senior hydro engineers to the Soviet union to study their methods of river basin development, hydro plant construction and the long range transmission of power, does the minister consider it would be advisable

that some of our employees in the water resources branch be provided with a similar opportunity to broaden their knowledge in this field?

Hon. Arthur Laing (Minister of Northern Affairs and National Resources): Mr. Speaker, I thank the hon. member for having sent me notice of his question. I believe there has been a great deal of reciprocal work done in hydrology and electrical science generally between the western bloc and the eastern bloc, and I think it is probably a good thing if it continues. But if the hon. gentleman wishes to imply that their techniques are superior to those practised on this continent, I would not agree with him. He will recall that less than a year ago we had a visit in British Columbia from a group of Soviet electrical engineers and they were very high in their praise of what they found in Canada.

I can only tell him that if there is merit in this sort of thing we will certainly take it under advisement and try to obtain the opportunity of sending our own men abroad; but I think it is a matter of giving as much as we are getting in these affairs of the world today.

Mr. D. M. Fisher (Port Arthur): Mr. Speaker, may I ask the minister of northern affairs whether, in the same vein, he is making any plans to try to get the Quebec water resources engineers back into the fold of co-operative study which Mr. Levesque announced some weeks ago was being ended?

Mr. Laing: I think that with the setting up of the resources ministers council with a secretariat in Montreal we are probably in a much better position to look forward to happier times in respect to the resources in all the provinces.

TRANSPORT

FERRY "BLUENOSE"—STATEMENT ON RESERVATION PROCEDURE

On the orders of the day:

Hon. G. J. McIlraith (Minister of Transport): Mr. Speaker, on Thursday last, as reported on page 2339 of *Hansard*, two questions were asked of me in my absence. The first was by the hon. member for Queens-Lunenburg and concerned the procedure used by the company operating the *Bluenose* when making reservations. I have to advise him that that is a matter of internal operation for the Canadian National Railways, and I have directed the question to them. When an answer comes back I will be glad to pass it on.

AIRPORTS

POLICY WITH RESPECT TO PARKING LOT FRANCHISES

On the orders of the day:

Hon. G. J. McIlraith (Minister of Transport): Mr. Speaker, the other question was one asked by the hon. member for Port Arthur concerning whether there were changes in policy respecting airport parking facilities at the Ottawa airport since the new government took over. The answer to the question is no, but perhaps I should explain that parking lot charges may be varied from time to time, and that recently changes were made in Ottawa to bring the rates charged here into line with those charged at other airports.

WAYS AND MEANS

The house in committee of ways and means, Mr. Lamoureux in the chair.

INCOME TAX ACT

Resolved,—That it is expedient to introduce a measure to amend the Income Tax Act and to provide among other things:

1. That with respect to new depreciable property of a prescribed class acquired in the period of 24 months commencing June 14, 1963 capital cost allowances be computed on a straight line basis at a prescribed rate not exceeding 50 per cent per annum if the property has been acquired by a taxpayer in a taxation year for a manufacturing or processing business in Canada and the taxpayer is

(a) an individual who was resident in Canada for a period of not less than 183 days in the year, or

(b) a corporation that in the year had a degree of Canadian ownership and control;

and for the purposes of this paragraph,

(c) a corporation has a degree of Canadian ownership and control in a year if the corporation throughout the 60 day period immediately preceding the year (or if the corporation did not have a preceding year, throughout the 60 day period commencing on the first day of the year) complied with the following conditions:

(i) the corporation was resident in Canada,

(ii) either

(A) not less than 25 per cent of its voting shares were beneficially owned by one or more individuals resident in Canada, one or more corporations controlled in Canada or a combination thereof,

or

(B) the voting shares of the corporation were listed on a recognized stock exchange in Canada and it is established, in prescribed manner, that no one non-resident shareholder owned beneficially, together with any other person associated with him at any time in the period, more than 75 per cent of the voting shares of the corporation, and

(iii) where the year commences after December 31, 1964, the number of directors of the corporation who were resident in Canada was not less than 25 per cent of the total number of directors of the corporation;

or complied with the conditions specified in clauses (i) and (iii) and was a wholly-owned subsidiary of a corporation that throughout the 60 day period complied with the conditions specified in clauses (i), (ii) and (iii); and

(d) a corporation is controlled in Canada at a particular time if at that time it complies with the following conditions:

(i) the corporation is resident in Canada, and

(ii) not less than 51 per cent of its voting shares are beneficially owned by one or more individuals resident in Canada, one or more corporations controlled in Canada or a combination thereof.

2. That a taxpayer whose business in a prescribed area of Canada has been certified to be a new manufacturing or processing business that commenced commercial operations in the period of 24 months commencing with the date on which any enactment based on this paragraph is assented to be exempt from tax on the income from that business for a period of 36 months from the date certified to be the date of commencement of operations, and that the rate of capital cost allowances for new depreciable property of a prescribed class acquired by the said taxpayer in the said 24 months period for such business be computed on a straight line basis at a prescribed rate not exceeding 50 per cent per annum.

3. That with effect for 1964 and subsequent taxation years section 40A of the act, which provides for a deduction from the tax otherwise payable by a manufacturing and processing corporation, be repealed.

4. That with respect to expenses incurred after June 13, 1963 a corporation whose principal business is operating a pipe line for the transmission of oil or natural gas be allowed to deduct in computing income the drilling and exploration expenses, including all general geological and geophysical expenses, incurred by it on or in respect of exploring for petroleum or natural gas in Canada and the prospecting, exploration and development expenses incurred by it in searching for minerals in Canada.

5. That for the 1963 and subsequent taxation years a dividend received by a person resident in Canada from a corporation that throughout its taxation year in which the dividend is paid or credited

(a) is taxable as a non-resident corporation carrying on business in Canada,

(b) derives substantially all of its income from sources in Canada, and

(c) has its shares listed on a recognized stock exchange in Canada be deemed to be a dividend from sources in Canada paid or credited by a taxable corporation within the meaning of section 38 of the act.

6. That the 15 per cent rate of tax payable by a non-resident person on dividends paid or credited to him by a person resident in Canada be reduced to 10 per cent with respect to dividends paid or credited after June 13, 1963 by a corporation that in its taxation year in which the dividend is paid or credited has a degree of Canadian ownership or control within the meaning or paragraph 1.

7. That the 15 per cent rate of tax payable by a non-resident person on dividends paid or credited to him by a person resident in Canada be increased to 20 per cent with respect to dividends paid or credited after December 31, 1964 by a corporation that in its taxation year in which the dividend is paid or credited does not have a degree of Canadian ownership or control within the meaning of pargaraph 1.

8. That where a corporation resident in Canada that in any year before 1967 was not a corporation that had a degree of Canadian ownership and control, within the meaning of paragraph 1, becomes a corporation that in 1967 has such a degree of Canadian ownership and control, a non-resident person shall be entitled to a refund equal to

[Mr. McIlraith.]

(a) 5 per cent of any dividends paid or credited by the corporation to him after June 13, 1963 and before January 1, 1965, in respect of which he has paid a tax of 15 per cent to Canada, and

(b) 10 per cent of any dividends paid or credited by the corporation to him after December 31, 1964 and before January 1, 1967, in respect of which he has paid a tax of 20 per cent to Canada.

9. That where a corporation (other than a non-resident-owned investment corporation) paid or credited dividends during the period commencing on June 14, 1963 and ending on December 31, 1964 in taxation years in which it did not have a degree of Canadian ownership and control within the meaning of paragraph 1, the amount of which dividends exceeds five fourths of the amount of dividends paid or credited by the corporation during that number of days immediately preceding June 14, 1963 that is equal to the number of days in the period commencing on June 14, 1963 and ending on December 31, 1964 that were included in taxation years in which the corporation did not have such a degree of Canadian ownership and control, the corporation shall, on or before January 31, 1965, pay a special tax equal to 5 per cent of the amount of the excess.

10. That with respect to income earned after December 31, 1964 the 15 per cent tax imposed by part IIIA of the act on a non-resident corporation carrying on business in Canada be 20 per cent.

11. That with respect to income of a non-resident-owned investment corporation earned after December 31, 1964 the present 15 per cent rate of tax be 20 per cent.

12. That any amount paid or credited after June 13, 1963, by a person resident in Canada to a non-resident person, as or on account of a management or administration fee or charge, be subject to the 15 per cent tax on income from Canada of non-resident persons.

13. That with respect to interest paid by a person resident in Canada to a non-resident person on any obligation issued after June 13, 1963, if the non-resident person

(a) is exempt from income tax in the country in which that person is resident; and

(b) has obtained a certificate of exemption from the minister,

the non-resident person be exempt from the 15 per cent rate of tax imposed in respect of such payment.

14. That for the taxation years ending after November, 1965 a corporation shall during the 12 months period ending 4 months after the close of each taxation year, pay to the Receiver General of Canada

(a) on or before the last day of each of the first 10 months in that period, an amount equal to one twelfth of the tax as estimated by it at the rate for the taxation year

(i) on its estimated taxable income for the year, or

(ii) on its taxable income for the immediately preceding year,

(b) on or before the last day of the eleventh month in the period, an amount equal to one half of the remainder of the tax payable as estimated by it on its taxable income for the year at the rate for the year, and

(c) on or before the last day of the period, the remainder of the tax

and that for the taxation years ending after November, 1963 and before December, 1964 a corporation shall, during the 11 month period ending 5 months after the close of its taxation year, pay to the Receiver General of Canada

(d) on or before the last day of each of the first 9 months in that period, an amount equal to one twelfth of the tax as estimated by it at the rate for the taxation year

(i) on its estimated taxable income for the year, or

(ii) on its taxable income for the immediately preceding year,

(e) on or before the last day of the tenth month in the period an amount equal to one half of the remainder of the tax payable as estimated by it on its taxable income for the year at the rate for the year, and

(f) on or before the last day of the period, the remainder of the tax, and that for taxation years ending after November, 1964 and before December, 1965 a corporation shall, during the 11 months period ending 4 months after the close of its taxation year, pay to the Receiver General of Canada

(g) on or before the last day of each of the first 9 months in that period an amount equal to one eleventh of the tax as estimated by it as the rate for the taxation year

(i) on its estimated taxable income for the year, or

(ii) on its taxable income for the immediately preceding year,

(h) on or before the last day of the tenth month in the period, an amount equal to one half of the remainder of the tax payable as estimated by it on its taxable income for the year at the rate for the year, and

(i) on or before the last day of the period, the remainder of the tax.

15. That the return of income for a taxation year that is to be filed with the minister in prescribed form and containing prescribed information by or on behalf of a corporation be filed

(a) for taxation years ending after November, 1963 and before December, 1964 within 5 months from the end of the year, and

(b) for taxation years ending after November 1964 within 4 months from the end of the year.

16. That with respect to amounts received after June 13, 1963, where a taxpayer has received an amount in a taxation year,

(a) as consideration for the sale or other disposition of any shares of a corporation or of any interest in such shares,

(b) in consequence of a corporation having

(i) redeemed or acquired any of its shares or reduced its capital stock or

(ii) converted any of its shares into shares of another class or into an obligation of the corporation, or

(c) otherwise, as a payment that would, but for this provision, be exempt income,

which amount, in the opinion of the minister, was received by the taxpayer as part of a transaction or series of transactions whenever effected or to be effected, one of the purposes of which was or is to effect a substantial reduction of, or disappearance of, the assets of a corporation in such a manner that the whole or any part of any tax that might otherwise have been or become payable under the act in consequence of any distribution of income of a corporation has been or will be avoided, the amount so received by the taxpayer or such part thereof as may be specified by the minister shall, if the minister so directs,

(d) be included in computing the income of the taxpayer for that taxation year, and

(e) in the case of a taxpayer who is an individual, be deemed to have been received by him as a dividend from a taxable corporation within the meaning of section 38 of the act.

17. That for the 1964 and subsequent taxation years where, in the case of two or more corporations, the minister is satisfied

(a) that the separate existence of those corporations is not solely for the purpose of carrying out the business of those corporations in the most effective manner, and

(b) that one of the main reasons for such separate existence is to reduce the amount of taxes that would otherwise be payable under the act the two or more corporations shall, if the minister so directs, be deemed to be associated with each other.

18. That upon any appeal to the Exchequer Court of Canada from an assessment in such case the court may confirm or vary any direction given by the minister as provided in paragraph 16 or 17, or may vacate any such direction where it determines that

(a) none of the purposes of the transaction or series of transactions referred to in paragraph 16 was or is that specified in that paragraph, or

(b) none of the main reasons for the separate existence of the corporations referred to in paragraph 17 is that specified in subparagraph (b) of that paragraph.

19. That for the 1963 and subsequent taxation years

(a) a business loss incurred in a previous year by a corporation may not be deducted in a taxation year if

(i) the business in which the loss was sustained by the corporation was not carried on by it in the taxation year, and

(ii) in the period between the end of the year in which the loss was sustained and the end of the taxation year control of the corporation has changed hands, and

(b) a business loss incurred by a corporation in a taxation year may not be deducted in computing the income of the corporation for that taxation year if the business in which the loss was sustained by the corporation was wound up or discontinued, and after such winding up or discontinuance control of the corporation passed to a person or persons who did not control the corporation in the year at any time when the business in which the loss was sustained was carried on; but this paragraph is not applicable where the change of the control of the corporation occurred prior to June 14, 1963.

20. That for the 1963 and subsequent taxation years section 18 of the act, which provides rules in the case of any lease option agreement, hire purchase agreement or other contract or arrangement for the leasing or hiring of property, be repealed, and appropriate transitional provisions be enacted in respect of any such contract or arrangement.

21. That for the 1963 and subsequent taxation years the benefits received by an employee from his employer's contribution to a group life insurance plan that are at present excluded from income be excluded only if such contribution is in respect of group term life insurance.

22. That, with respect to any annuity contract entered into after June 13, 1963, that part of the proceeds of the contract that consists of interest accumulated prior to the date on which the annuity commences be included in computing income of the recipient unless such proceeds are received as a life annuity or as a refund of premiums upon the death of the holder of the annuity contract.

23. That for the 1962 and subsequent taxation years the manner of taxing a bankrupt corporation, a bankrupt individual and a trustee in bankruptcy be revised and in particular

(a) that the trustee be deemed to be the agent of the bankrupt person for all purposes of the act;

(b) that section 63 of the act not apply in the case of any income of the trustee from dealing in the property of the bankrupt person or from carrying on the business of the bankrupt person;

(c) that the income of the bankrupt person be computed as if upon the occurrence of the bankruptcy the property of the bankrupt person did not pass to and vest in the trustee; and

(d) that the trustee be liable for payment of any tax payable by the bankrupt person to the extent of the property of the bankrupt person in the possession of the trustee.

Mr. Gordon: I wonder if paragraph 1 could stand? I will go ahead and make a statement about the next paragraph, tax incentives for new manufacturing and processing businesses in designated areas.

Mr. Monteith: Before the minister leaves the first paragraph there are one or two questions of detail I should like to ask. The hon. gentleman mentioned on Friday, I think, that anyone in a United States partnership opening a business in Canada would come under the provisions of subparagraph (a) as is ordinarily the case and be subject, I suppose, to the requirement of 183 days residence a year. But I am wondering how the provision for residence applies in this case. If a large United States partnership came to open a branch in Canada, would the department be considering the residence of the company or one partner alone, or would both partners live in Canada? Would a partner have to own the 25 per cent of the shares? Just how would it apply?

Mr. Gordon: I apologize to the hon. member but I do not understand his example. I wonder if he would mind explaining it again.

Mr. Monteith: I am thinking of a United States partnership, a large concern which opens a branch in Canada. This is a private company. Would it have to have a resident partner for 183 days of the year and would this partner be obliged to hold 25 per cent of the stock? How would this operate? I am trying to ascertain the residence requirement in the case of a branch of the United States partnership.

Mr. Gordon: Who is this United States corporation in partnership with? I do not have that point clear.

Mr. Monteith: This is a large United States company which is in the form of a partnership.

Mr. Gordon: In the United States or here?

Mr. Monteith: In the United States; they open a branch in Canada.

Mr. Gordon: A branch in Canada would, I think, be treated in exactly the same way as if the United States partnership in the United States were a corporation in that country.

[Mr. McIlraith.]

Mr. Monteith: The 25 per cent shareholding qualification would operate.

Mr. Gordon: I am still not clear as to the situation the hon. member has in mind.

Mr. Monteith: It could come under subparagraph (b) or (a). The minister mentioned the other day that a partnership would normally be dealt with under subparagraph (a) for tax purposes, but how does the provision for a degree of Canadian ownership come into this.

Mr. Gordon: If a United States partnership opened a branch in Canada, then the branch in Canada would be treated, I suspect, as a wholly owned subsidiary. I find I am not the only one who is having difficulty with the hon. member's example. As I understand it, this is a United States partnership in an American corporation and this partnership opens a branch in Canada.

Mr. Monteith: Right.

Mr. Gordon: How does this branch qualify? I have suggested that in this case it would rate in the same way as a wholly owned subsidiary in Canada of a United States corporation.

Mr. Monteith: Then 25 per cent ownership would have to be in Canada.

Mr. Gordon: That is right. Obviously one cannot list the shares of a partnership on the exchange.

Mr. Nowlan: What about a consortium? What about an arrangement like Wabash mines? Would that come under this provision?

Mr. Gordon: "Consortium" is one of those words which I am sure the hon. member for Digby-Annapolis-Kings uses more often than I do.

Mr. Nowlan: My vocabulary is pure.

Mr. Gordon: It is one of those imported words. I have never known what a consortium is. I am not too clear about the Wabash iron set-up, but I think we all know that in this particular case a high percentage of the total is controlled in Canada, so it would qualify without question.

Mr. Nowlan: Shall we stand paragraph 1 and go on with the others?

Mr. Gordon: If that is agreeable to the hon. member for Perth.

The Chairman: Order. Are we moving to paragraph 2 of the resolution? In other words, we agree that we should postpone or adjourn consideration of paragraph 1.

Some hon. Members: Agreed.

Paragraph 1 stands.

On paragraph 2.

Mr. Gordon: Paragraph 2 proposes that new manufacturing and processing businesses in designated areas be exempt from payment of income tax for three years. That part is the same as the provision in respect of new mines and also for accelerated capital cost allowances with regard to certain capital assets. This incentive will be available to individuals and corporations established in designated areas. To claim, businesses will have to get a certificate from the minister of industry certifying that they are new and that they are manufacturing and processing businesses. In order to qualify for the purpose of this concession a business must meet the following tests:

1. At least 95 per cent of the machinery and equipment used in the business must be owned by the person carrying on the business.

2. At least 95 per cent of the depreciable property used in the business must be in the designated area.

3. At least 95 per cent of the depreciable property used in the business other than buildings must have been acquired after June 13, 1963, and this depreciable property must be new; that is, it must not have been used by anyone before its acquisition. This is to avoid somebody setting up a business by buying it from the fellow next door. If there is a newly incorporated company it is not necessary that its business be new in the sense of never having been carried on in the area before.

For example, new manufacturing and processing businesses established in the following ways could qualify. First, a company now operating in a designated area could form a subsidiary company which acquires new assets and carries on in the designated area a manufacturing or processing business that is either the same as or different from the business carried on by its parent company. Second, a company now operating outside the designated area could form a subsidiary which acquires new assets and carries on in the area a manufacturing or processing business that is either the same as or different from the business carried on by its parent company. Third, a company now operating a business either inside or outside the designated area could acquire new assets and establish a new business in the designated area; but in this case, where there is no new incorporation of the new business, the new business must be of a different kind from the other business carried on by the taxpayer. If an unincorporated taxpayer wishes to have a business certified as new it must be a new business different from any other business carried on by him anywhere else. In summary, a new business must be carried on with new depreciable property, and in addition it must be either a new incorporation or a different business from any other business carried on by the taxpayer. The definition of a manufacturing and processing business for purposes of this incentive will be the same as for the incentive described in paragraph 1.

There are three tax concessions proposed for designated areas, and I will be very disappointed if they do not prove to be very productive. First, this paragraph of the resolution proposes that a taxpayer in computing income will exclude the income earned by a certified new manufacturing and processing business during the period of 36 months after it commences operations. In order to qualify, a new business must commence commercial operations during the period of 24 months which commences on the date the legislation based on this resolution is enacted. The date of commencement of commercial operations will be certified by the minister of industry when he certifies a new business.

This paragraph of the resolution also proposes that new property of a prescribed class acquired by a taxpayer for use in a certified new manufacturing or processing business shall be eligible for accelerated capital cost allowances. The kind of property that will qualify is machinery and equipment that would otherwise fall in class 8 of the income tax regulations acquired for use in manufacturing and processing operations. The accelerated capital cost allowances are at the rate of 50 per cent on a straight line basis. In order to qualify for this accelerated write-off the machinery and equipment must be secured in the 24 month period which commences on the date the legislation based on this resolution is enacted. Incidentally, this gives people some time to prepare for this, although I would hope not an unlimited amount of time.

It will not be necessary for a taxpayer to take these accelerated allowances during the first three year tax exemption period. He can take them afterwards, as is the case with new mining properties. They may be deferred and deducted after that period. Unlike the incentive described in paragraph 1 of the resolution, this accelerated capital cost allowance is not confined to individuals resident in Canada or to corporations with a degree of Canadian ownership. It is available to all certified new businesses in a designated area.

I mentioned that there were three incentives. Although it is not a part of the resolution, it was also announced in the budget

speech that new buildings acquired by taxpayers in designated areas would qualify for accelerated capital cost allowances at the rate of 20 per cent on a straight line basis. This straight line rate of 20 per cent compares with a normal rate on a diminishing balance basis of 5 per cent for most buildings and 10 per cent for buildings of frame or similar construction. As with the other incentives for designated areas, this right to accelerated allowances will not be confined to individuals resident in Canada or to companies with a degree of Canadian ownership, but will apply to all new buildings in the designated area.

I should perhaps add that this incentive is not part of the resolution because this is entirely a matter for regulations, and requires no amendment to the act. The accelerated capital cost allowance for new businesses is mentioned in the resolution because it is confined to a particular class of taxpayer to be described in the act.

I think those are the main points in connection with paragraph 2 which I thought I should bring to the attention of members of the committee. I will be glad to try to answer any questions that have occurred to anybody.

Mr. Nowlan: Mr. Chairman, there are one or two points about which I should like to inquire. I think this section operates somewhat differently from the other sections providing incentives, in that it comes into effect after the legislation has been approved by parliament. Usually matters of this kind come into effect when they have been brought down in the budget speech. I was wondering whether there was any particular reason that the clause is phrased in this way. I suppose it might very easily be that some companies might have started operations before the budget came down and they might catch a windfall. However, we do not know what the program of parliament may be. It may be some considerable time before this particular resolution is implemented, if it is implemented, and in the meantime other companies which might be commencing operations would not be entitled to this incentive. Although, as I said, it will probably be in the nature of a windfall, yet there are quite a few windfalls in this which are inevitable, as the minister knows, and I think this is a departure from the usual practice in income tax legislation generally.

The other comment I would make is that I agree with the minister and hope that this provision will be as helpful in developing the economy in these areas as the minister suggested. I think that his announcement today—I did not catch it on Friday until he explained it to me—that the depreciation can be carried forward and does not have to be taken within the period will tend toward that end, because obviously companies will not be taking the depreciation until such time as it is to their advantage to do so. They will have some latitude in this regard which will be of help. If they are not making money, of course, they cannot write it off anyway; but if they are not making a great deal of money they will wait until such time as it will be most helpful to them to write it off.

I am not at all certain what degree of incentive help is going to result from the three year tax holiday. I know we have a similar provision in the case of mines. It has been a matter of controversy and discussion between officials and individuals for a long while, as to just what benefits flow from that, but it might be helpful and undoubtedly would be to a small corporation starting business in a certain area. But it would appear to me that any corporation of any dimension, any corporation which is really going to make a substantial contribution to a community, an area, a province, is not going to be induced to commence operations simply because it is going to get a tax holiday for the first three years.

I can think of some that have started in Nova Scotia within the last few months. One or two of them are million dollar corporations. I am quite sure they would not have been influenced by the fact that they might or might not get a tax holiday for that period of time. As a matter of fact, they probably do not intend to make a profit during the first few years because the period of organization is a difficult one. The minister knows better than most of us the difficulties that confront them. Therefore I simply suggest that I hope his optimism is justified. I doubt very much that it is in that particular case, although I think it would be with other incentives.

Mr. Lambert: Before the minister replies, I have a related question to the first one put by the hon. member for Digby-Annapolis-Kings. Would it be that this phrase "effective date" with respect to paragraph 2 of this resolution, indicating the enactment of the legislation, is related to the provision in the department of industry bill which creates the area development council, and which legislation comes into effect on proclamation rather than the other date? Therefore, you could not get a designated area until the department of industry bill becomes effective?

Mr. Olson: There is one point I wanted to mention and on which I should like some further clarification. It concerns this provision for a prescribed area in Canada. Does this mean an area of business, or is it confined to a geographical area? If it is a geographical area to which the minister is referring, what

are the qualifications to establish a prescribed area? For example, how large must an area be? Must there be a certain degree, even though it is difficult to measure, of economic stagnation, if you want to call it that? Would the unemployment level in this area be a factor in determining it?

I think perhaps if the minister would give us a little bit more clarification concerning the qualifications for setting up a prescribed area, that may answer many of the questions I have. Perhaps if the situation is not clear then, I could ask him some more questions.

Mr. Gordon: Perhaps I should start answering a few of these questions before there are too many of them. The first question was, why wait for the enactment? I think one of the main reasons is that this is a complicated enough resolution because it covers a great many things. I am not just thinking of this paragraph, I am thinking of the whole resolution. It will be followed by a bill which will certainly call for pretty careful study by parliament before it is enacted. I would think it would be unwise for taxpayers to take advantage of this particular proposal until they see clearly in the bill just who is going to qualify and who is not.

The other point, of course, is that the designated areas had not yet been determined when this resolution was drawn. The department of industry bill had not been passed. The hon. member for Digby-Annapolis-Kings mentioned Nova Scotia in a way which led me to think he assumed Nova Scotia would be included as a designated area.

Mr. Nowlan: Perhaps in part.

Mr. Gordon: Only in part, then perhaps—no, I will not go into that. I am not yet able to answer your question as to the definition of designated areas, because those will be determined after the department of industry has had a chance to consider the matter with the Department of Labour and the other departments concerned. Certainly, it will be based on geography, and the factors that will be taken into account are the question of economic development in the area, the question of the level of unemployment in the area, and so on. I would hope that the areas would not be too small. They should be substantial areas or else we will get into a great deal of trouble.

The point of this is to induce or persuade new enterprises to locate in the areas where they are needed most. I think it was suggested that this incentive may not be effective. This, of course, is a matter of opinion. There is no way of proving it. I have said before that, in my own personal view, this is probably the greatest inducement that could be given to business enterprises to locate in areas where new businesses are needed most. I hope very much that this will be a sufficient inducement to persuade a number of new enterprises to locate in the Atlantic area, for example. I am not suggesting the Atlantic area is the only one that needs this sort of thing, but it is the one that has been mentioned. I would hope this would be the deciding factor that would enable a number of corporations to establish subsidiaries or branch establishments in that area and, in that way, we could begin to make an effective attack on what is becoming, in some parts of the Atlantic provinces, chronic unemployment.

Now, there is no use trying to persuade ourselves that we can keep obsolescent industries in being indefinitely. Some of them, obviously, are less effective in providing employment now than they were 20 years ago. What is needed is to induce new industries to move in there in their place. The purpose of this paragraph is to do just that. As I say, I cannot promise it will be effective, but I hope that it will.

Mr. Olson: I am willing to accept the minister's statement that he cannot give a definition at this point of the qualifications for a prescribed area. However, I believe it would be useful to those people who are considering establishing new industries to give, as quickly as possible, what the qualifications will be, based on the many factors that will be taken in account when these prescribed areas are named. Certainly, we are not going to have industries of any magnitude set up within a few weeks or a few months after the government's intention is known.

I am a little disturbed, however, about one or two of the qualifications the minister did mention. He talked about the tests that would be applied before one could take advantage of the provision. One test was that 95 per cent of the machinery must be owned by the new corporation. Second, 95 per cent of it must be located in the area and, third, 95 per cent of it must have been acquired since June, 1963. There may have been other qualifications that he mentioned.

I think if we are going to give Canada a service, we have to be thinking more in terms of setting up industries that will have some continuity to them. In other words, if these prescribed areas constitute a sufficient inducement to attract industries, for reasons of a tax holiday and accelerated depreciation, that are not adapted to that area and do not carry on after these advantages have been used up, we would not be doing the Canadian economy a favour, or the people who had temporary

employment there. In fact we would find ourselves in the position of having to deal with unemployed people who had been drawn into the area because of this provision here.

When we see, for example, that 95 per cent of the machinery must be acquired since June, 1963, and it must be a type of industry that has never previously been carried on in the area, we must agree that we are precluding industries that have not modernized to keep in pace with the cost of production factor, and which could carry on if they were enabled to modernize. This is something at which we should take a long look.

Next, what are we going to do about businesses that have been shut down and which would be able to re-establish themselves by means of refinancing? Such industries would be beneficial to an area and would have a reasonably good chance of carrying on after the advantages given here have been used up.

There is one case which is specifically interesting to me, as it happens to be in my constituency. It concerns a processing plant which became involved in litigation. All of the machinery is new and the plant itself is new; but because of the litigation their sales contracts became no longer valid, or at least the people involved in them were subject to litigation because of patent rights.

The machinery has been sitting there since long before June, 1963, but the plant has not been operating. Now, it might be a little difficult to have the area in which it is located designated to come within the ambit of these incentives, as I do not think its unemployment level is particularly high. However this is a processing plant that is particularly adapted to the area and which could make a tremendous contribution to its economy. There is no similar plant anywhere near it and I am wondering if it could possibly be included to take the benefit of these advantages.

The fact is that if some advantage is not given to it, the plant will not be operating and will not be producing any income tax. Therefore I think this is an opportunity to use some discretionary power, which would be a little wider than what is proposed, to enable industries to become established, industries that will increase local employment and which will not later on have their employees become a burden on the government because they were mislocated as a result of the inducements outlined in this resolution.

Mr. Harkness: Could the minister tell us whether this provision would apply to a factory where a change in operation takes place and an entirely new product is manufactured? Say, for example, there is a company manufacturing automobile components; it is sold to some other concern, and then they start the manufacture of electronic equipment. Would the provisions apply in a case like that, and if they apply in a case like that where a sale has taken place, would they apply if the same company merely changed its operation and went into a different type of manufacturing, new to the area?

Mr. Gordon: I presume that the new company would have to acquire new assets. In fact I am not clear how you can shift from producing automobile parts to electronic equipment without, for all practical purposes, being in a new business. If it is a new business under these definitions, then it would qualify if it were in a designated area. If it were not a new business and were not in a designated area, then it would not qualify.

Mr. Harkness: If there were not a sale to another corporation and the same company switched its operation into a new type of manufacturing, which would involve the buying of new machinery, although it would use the same factory plant and administrative offices, would it qualify then?

Mr. Gordon: The fact of the sale would not make any difference if it had not changed its nature and became a new business. The sale itself has no bearing on this proposal, and perhaps I might just add a word in a more general vein.

I think members of the committee are aware of the success that has been met in the United Kingdom and several European countries in re-establishing and reviving depressed areas. Now, we do not call them depressed areas in Canada. We call them designated areas, which is a more polite term, although pretty much the same. They are areas where high levels of unemployment have persisted year after year. How does one go about doing anything about that?

The temporary measures are fairly obvious. You try to spend more money on social capital projects of one kind or another, but if you are going to get at the root of the problem it seems to me you have to introduce new businesses into those areas, or alternatively the people are going to get fed up and move away. You can argue from the standpoint of economic theory, and so on, that it is better for people to move away, and that the more mobility there is in the country the better it is. But I suggest that when this happens we lose the investment that has been made in existing towns, cities and villages, which implies houses, schools and everything else, and apart from that people do not want to move away. Therefore, if there is anything we can do to introduce new industries into such areas

it is surely a good thing. Otherwise everybody will end up in either Montreal, Toronto or Calgary.

Mr. Lambert: We realize that this provision deals with a specific economic ill, and that we are talking about areas which have been less developed than others. However there is one problem of a rather technical nature that I wish to raise. It has to do with paragraph 1 of the resolution as well, and is a matter to which I referred late on Friday afternoon. We need a definite definition of acquisition of property. We have to get some degree of exactness of what the legislation will mean by the acquisition of property within the prescribed periods.

We realize that one can take outright title and become outright owner; but does the acquisition of property envision, in those provinces outside Quebec, the acquisition of plant by way of agreement for sale, or conditional sale agreement, which may extend in the case of these special areas beyond the three years of non-profit? It may go on for four or five years, during which term payment will be made. We know that under the provisions of conditional sales contracts, title and ownership to property shall remain vested in the vendor. If it is stated that it is on the acquisition of property, with emphasis on the word "property" in its legal sense, then the effect of such a transaction will be a negation by the legislation, or vice versa.

There is another point I should like the minister to clarify. I refer to a method that is becoming more and more popular these days, which is the lease back. How will a lease back, if it will qualify at all, qualify under these provisions? There must be an inducement for investment in a new industry of the plant, the machinery. We know that there are lease back arrangements which could be used, by the terms of which lease, an accelerated lease payment during the initial years which would be comparable to the rate of depreciation that is permitted under this particular, shall we say, incentive. In any event, perhaps the minister could at this stage advise the committee what the thinking of the ministry is in this regard.

Mr. Nowlan: Mr. Chairman, perhaps I could just add one other question to that, so that the minister could have it in mind. I am not sure that he wants to answer it now, but I think it might be a good thing for him to have in mind when the regulations are drafted. In this matter of acquisition there are problems which might arise. I am thinking particularly, again, of my own province and Industrial Estates, a crown corporation, which on more than one occasion has purchased machinery and equipment for a new entrepreneur and, something along the line suggested by my hon. friend from Edmonton West, there might be a lease back. I think the minister and his officials should take a very careful look at that situation in permitting a write-off, because there are various types of purchases that I know have been made. They have been very successful in some cases. There were 11 new corporations in Nova Scotia this calendar year. I would think it might be advisable to check with the officials of some of the provincial crown corporations which are in that business before definitive regulations are drafted in that particular area.

Mr. Gordon: Perhaps, Mr. Chairman, I could take these three questions in order. When the hon. member for Edmonton West asked me about this on Friday just at the end of the day, I understood his question to be whether, to qualify for the increased allowance under paragraph 1, a taxpayer had to have the new assets delivered and installed within the 24 month period commencing June 14, 1963, or whether it was only necessary for him to enter into a binding contract within that period.

My answer on Friday was to the effect that the important thing was whether he had acquired title to the property in the 24 months. That was the point we were discussing when we adjourned. My hon. friend is now asking if this means, in the case of a conditional sales agreement under which title may not pass until after June 14, 1965, that the purchaser would not be entitled to the capital cost allowance at the 50 per cent rate. Is that, roughly, what the hon. member is asking?

Mr. Lambert: This is it. We are caught in the legal definition at this point.

Mr. Gordon: I am informed that in these circumstances the purchaser is usually considered by the taxation department to have acquired an ownership interest in the property when he takes possession of it. That is usually the way, as I understand it, the tax department rules for these purposes. If that occurred in the 24 month period, he would be entitled to the 50 per cent write-off. I think the hon. member will have to ask his colleague over here, who used to administer the tax department, whether I am right or wrong; but that is what I am informed as to the way it has been done.

Mr. Lambert: I agree; but if I may interrupt here, Mr. Chairman, I think there is a problem in the case where you have a contract for delivery, where you have a fully

binding contract entered into between a proposed taxpayer and a supplier for the provision of machinery, which cannot be delivered at once. The minister said this provision applied when a person took possession. Possession connotes delivery; yet a taxpayer would be committed under a binding contract although he had not accepted delivery. That is the point.

Mr. Gordon: In that case, Mr. Chairman, I am informed that the tax department would not give him the depreciation. They will not let him depreciate the machine until it is a machine. The same applies to these lease back deals. I think the suggestion that there may be something special in the case that was mentioned, Industrial Estates, which have been doing a useful job in Nova Scotia—

Mr. Nowlan: I think there are others in other provinces, but I am not sure.

Mr. Gordon: I will certainly ask that this matter be looked into. But I think we also have to remember that you cannot get a write-off unless you have bought something. You cannot get a write-off if you have leased something that you are going to pay for over 25 years; you get that write-off when you pay your money. That probably is the distinction. I do not see how you can get any faster depreciation on a lease deal until you pay up.

In the Industrial Estates situation, if Industrial Estates supply machines to a business and the business does not have to pay for them, the only person that we could, presumably, allow the capital costs allowance to would be Industrial Estates, and it would not do them much good. The purpose of this, of course, is to add another incentive separate and distinct from the kind that the Industrial Estates people can give to new industry to locate in these areas. The form of the incentive is reasonably clear, to the extent that it means new construction and to the extent that it means the purchase of new equipment in Canada that will provide work in the plants which produce the equipment, quite apart from the area that is under consideration.

Mr. Lambert: I have a further point with respect to plant, Mr. Chairman. What is the critical date there? Must it be the completion of the plant, the complete erection and occupancy, or is there to be recognized a form of commitment between the taxpayer and the contractor under which the plant is being erected and will be occupied, say six months after the critical date? This is the point, because as we know there are various forms of building contracts whereby the property in the building materials passes to the owner on delivery to the site; and there are other situations in the province of Quebec where this may not apply, where they have the doctrine of revendication which does not apply in the common law provinces. I admit these are rather complicated problems, but I would like some clarification of them.

Mr. Gordon: They are complicated in a sense. The Department of National Revenue has established a series of rules and regulations over the years that are generally pretty well known to the taxpayers. In the case of a factory building, if that is referred to as plant, to the extent the factory building is completed, or the portion of it that is completed and paid for and recorded on the books, the taxpayer would be entitled to these write-offs. But he would not be entitled to a write-off on a commitment of a contractor to finish the plant over the next two or three years. That is there now. You could not have a separate set of rules to apply to this special incentive that does not apply to, I was going to say life in general, but I mean corporate life in general. These customs or rules or regulations are generally understood by most taxpayers, and if a taxpayer is anxious to get his new building or new plant recorded on the books within a certain year I presume, if he is ingenious enough, that he can do so up to a point. But he cannot do it merely by entering into a contract with a contractor to build him a plant next year and expect to get a write-off this year.

Mr. Horner (Acadia): Mr. Chairman, I appreciate the incentive the minister is offering for new industry, but it does not appear to me to be large enough to develop any appreciable new industry. First of all the minister suggests that these incentives would be applicable in designated areas, but gives us no knowledge of the designated areas to which he refers. Some mention was made of the maritimes, and no doubt parts of that area would qualify. He said that he hoped the areas would be large enough. Two years ago the previous government brought in double depreciation in similar types of areas and there was a great hue and cry from the then opposition to get the government to name those areas. The opposition of that day said they could not judge the value of this measure unless the government named the areas, and they went to great lengths in promoting that contention. I think we should be given some idea where these designated areas are to be.

Then he suggested that the commencement of a new industry would mean the application to the minister for a certificate of qualification for the 36 months tax free holiday which this measure proposes. To me 36 months is not long enough for an absolutely

new industry commencing operation, when you consider the fact that 95 per cent of the machinery must be bought from June 13 on, and that within a period of 36 months the industry has to get going and produce a taxable income in order to benefit from the tax free holiday. If it has no taxable income in the first two years the 50 per cent write-off would be of very little value. It may be of some value but not very great.

I think, Mr. Chairman, this proposed legislation would be far more beneficial to companies already established in other parts of Canada which want to establish a subsidiary company, or which are induced to establish a subsidiary company, in a designated area, or what they think would be a designated area. I suggest this would merely mean a different allocation of the working force and not nearly as great an increase of employed persons as would be desired by the minister or the Canadian people generally. I suggest that an absolutely new industry should have a tax free holiday of longer than 36 months and that the 50 per cent write-off should be applied when the industry has established itself and is in a position to pay income tax.

A lot of the measures which will come into force when this bill passes strike a strange theme, it seems to me, because who is to know when the bill will pass? I think the budget resolutions should be approved either on the day the budget is brought down—in fact, most of them are as a rule—or at a later date when the proposals are implemented by the minister, not at the sanction of the house.

Mr. Gordon: I would be glad to accept that suggestion, Mr. Chairman.

Mr. Horner (Acadia): I should like to see the minister go further than that and allow new industries to go back to the first of the year. If that were done, your machinery date and all the rest of it would have to go back to the same prescribed date in order to make all things equal. This measure will certainly be a big help to industries already established in Canada which wish to start another subsidiary plant in another locality, but I do not think it goes far enough. I do not think the 24-month period or the 36-month period is long enough for an absolutely new industry to finance itself, become operational and start to pay income tax. In most of these areas money lenders are very hesitant about lending money because, perhaps I might say, of the financial worth of such an area or to the risk involved. Therefore they hesitate to lend money for any length of time. It is quite common to spend six or eight months arranging capital to commence a new industry in what might qualify as a designated area. One would have to know before going too far whether one would qualify, and perhaps receive not formal approval but a nod from the minister with regard to whether one would get a certificate before actually signing the agreement and borrowing the money. Personally, I should like to see the minister name these designated areas. I think particularly of my own area of the east-central part of Alberta. Perhaps the maritimes would also qualify, as well as many areas in Saskatchewan. I know for a fact that many areas in Quebec would qualify. Various governments have from time to time announced their opinions that industry should be decentralized to quite a large extent. This could bring about a degree of decentralization if the designated areas were so distributed and the incentives great enough. I fear they are not and suggest the minister give consideration to lengthening the period of time and increasing the number of designated areas to as great an extent as possible.

Mr. Monteith: Mr. Chairman, I should just like to say that, as I understand it, buildings will be allowed depreciation at 20 per cent on the straight line method, and class 8 at the 50 per cent rate. Various classes of goods must be purchased within 24 months from the date the legislation is passed. Does the exemption apply to 36 months from the inception of the business, that date being set by the minister of industry, in the determination of the date on which the business is considered to have begun operation? I wonder if the minister had any criteria in mind? Does the business start at the time of incorporation? Does it start when the bricks and mortar have been laid, or when the company makes its first sale?

Mr. Gordon: The date would be the date when the company begins its commercial operation.

On the point raised about the designated area I would remind the committee that these areas have to be established by certificates issued by the minister of industry and, of course, the bill to set up the department of industry has not yet been passed. It has been passed by this house but not by the Senate.

Mr. Monteith: Let us say the company was incorporated in the middle of January and they decided that their year should end on December 31. But they do manage to get their building up and begin operations on November 1. Would they be free from income tax for one year, in which they had only been in operation for two months, and then for two years during which they would be in operation for 12 months a year; or would

the time be calculated on the basis of two months, 12 months, 12 months and 10 months?

Mr. Gordon: The latter would be the case, 36 months.

Mr. Starr: There is a question I should like to ask about this tax free holiday, as the minister calls it.

Mr. Gordon: I was careful not to call it that.

Mr. Starr: During the term of the last government we set up a criteria by means of which areas capable of qualifying for double depreciation allowances could be designated. Applications came in from a municipality or area and the Department of Labour, together with the national employment service, immediately got to work to ascertain whether that particular area qualified in accordance with the criteria set up. This only applied to areas from which an application was made. It is difficult to see how the government will now be able to designate an area in the absence of a proper survey of all of Canada. Does the government intend to make a nation wide survey of all Canada based on the criteria they have in mind, or which they intend to set up? In other words, does the government intend to designate certain areas without having any means of knowing whether they will be eligible for this type of tax free holiday, or are certain parts of Canada expected to make claim under the criteria in order to be designated. I wonder if the minister would enlighten us on this matter.

Mr. Gordon: The hon. gentleman knows the difficulty about doing this because he has had experience of this work himself in the past. I do not want to move into an area for which the minister of industry will be responsible. It will be his responsibility to work this out, together with the Minister of Labour and all others concerned; but I can assure the hon. member that he will take into account all the information that is available. The objective is to encourage new industry into areas where unemployment is high.

Mr. Olson: There are three questions I should like to put to the minister. In the first place, I should like to ask him what consideration he has given to the re-establishment of businesses which have been shut down. Many such businesses could probably re-open if they had some new equipment and refinancing. In many cases this would seem to provide the most desirable types of industry which could be set up in an area, if only because of the continuity. If the minister intends to provide that in order to get assistance an industry must be one which has never been carried on in that neighbourhood before there can, of course, be no provision for re-establishing a business which has been shut down.

The second question I should like to ask is this: what is the target date when this scheme will come into being? I ask this so that people who are thinking about establishing an industry can be working toward it and doing some of the preliminary work.

My third question is: how long would the department be prepared to defer or delay the income tax incentive of which the minister spoke. I understood him to say it was not necessary for it to be taken advantage of within the first 36 months.

Mr. Gordon: First, as to the inquiry about a business which has been shut down. Such a business would qualify if in being set up again it had acquired a lot of new machinery. To the extent of the new machinery it would qualify if it were in a designated area. I cannot be more specific, because I would want to know a lot more about the business. There is nothing in this provision which would provide new capital for a business such as the hon. member mentioned in his example.

When this incentive will become effective will depend upon when the act is passed and proclaimed. I am sure the amendments to the Income Tax Act will be proclaimed immediately after they are passed. Until they are passed, I agree there will be an element of uncertainty because people will not know when they can take advantage of these incentives. There is one other thing: The minister of industry will also have to announce the designated areas. He will be planning to do so at the earliest possible date because this will be one of his important responsibilities.

As to how long a taxpayer can defer taking the higher rates of capital cost allowance, I am informed by the officials of the Department of National Revenue that he could defer them as long as he likes. Naturally, he would want to take them as fast as he can because this would save him money. But if he is losing money there is no reason why he should claim this extra capital cost allowance. If he does not turn his business into a profitable one he will probably never take it.

Mr. Olson: Did I understand the minister to say in his opening statement that in order to qualify an industry must be a type of industry which had never been carried on in an area before?

Mr. Gordon: I did not mean that to be a general statement. That is not the case at all. I think it did apply though in one particular

instance, and I am trying to find it in these notes. It does not apply in general. There is no reason why it should be a new type of industry that is new to the area.

Mr. Olson: That is the point that was disturbing me.

Mr. Gordon: That is not so.

Mr. Noble: Did I understand the minister to say that the establishment of a new industry that would qualify would require a new building? I am thinking of an area which I would presume might be a designated area—

Mr. Gordon: No. I did not mean to give that impression.

Mr. Leboe: To follow up the point raised by the hon. member for Medicine Hat, I should like to ask the minister about depreciation. Can depreciation appear on the books as a loss and be picked up later? I understand the rate of depreciation is going to be 50 per cent. Can it be shown on the books as a loss and then be picked up at a later date under the Income Tax Act?

Mr. Gordon: I have not been giving tax advice for quite some time and I should not be doing it now. However, under the regulations, if a company writes off an asset or claims depreciation and writes it off in its books, and makes a loss, it is allowed a five-year tax carry forward of the loss, and it can pick it up in that period and in that period only. But there is no reason why it should write off the capital cost allowance in its books until it wants to and if it does not write it off it can claim it at any time it likes.

Mr. Leboe: I brought up the point because I understand the depreciation is on a straight line basis whereas in my experience with taxation of this type the allowance has been taken on the undepreciated balance each year.

Mr. Gordon: As the hon. member knows, depreciation used to be on a straight line basis at one time, but in this case for this particular incentive it will be on a straight line basis and taxpayers can claim it any time they like. There is no obligation for them to write it off quickly, but if they do write it off in their books then they are limited as to the period when they can claim it.

(Translation):

Mr. Lessard (Lake St. John): Mr. Chairman, I should like to ask the minister whether municipalities, that is municipalities in a prescribed area with a high level of unemployment, will be able to apply immediately to the minister of industry in order to get the required approval for this special assistance provided to industries setting up in that area. For instance, the Saguenay area in particular, which I consider as a whole, where unemployment has been high for several years, would well qualify, it seems to me, to obtain this assistance provided to industries. Therefore, could those municipalities apply immediately to the minister of industry in order to obtain such certification and approval?

(Text):

Mr. Gordon: I suppose in a technical sense there is no minister of industry to apply to until the act establishing the department of industry has been passed, but I would not think that should restrain any enterprising municipality that feels it would like to get in on this as fast as possible. While I do not want to issue any invitations on the part of the minister who may become minister of industry, this is a free country and I presume anybody can go and see him who wants to do so.

The Chairman: Order. Has the committee concluded consideration of paragraph 2?

Some hon. Members: Carried.

The Chairman: Paragraph 3.

Mr. Gordon: This paragraph proposes the repeal of section 40A of the act. Section 40A of the act is the section providing for the tax concession based on increased sales which was introduced following the 1962 budget. The concession was in the form of a deduction from tax otherwise payable if the taxpayer could show that his sales for a year exceeded his sales in a certain base period.

This particular concession was criticized on a number of grounds, first, that since dollar sales were the measure upon which the concession was calculated the emphasis was upon sales volume rather than upon efficiency. Thus taxpayers have an incentive to increase prices or to achieve increased sales in uneconomic ways in order to obtain some forgiveness of tax. I am sure they would not do that but there was that possibility.

Mr. Lambert: That is pretty specious.

Mr. Gordon: If the hon. member wants something that is not specious, there was the devaluation of the dollar. He will remember that that took place between the time the incentive was introduced in the budget and the time it was enacted. The result was that many people engaged in export businesses did get certain windfalls they were not expecting in the form of increased prices. If the hon. member for Edmonton West recalls the days when he was Speaker, he will remember there was some discussion about that particular point last fall.

Then there are other points. It provided an incentive for taxpayers to arrange to have high sales in one period and low sales in another, or otherwise to switch business from one year to another. Third, it was so complicated that many taxpayers said it was not worth the trouble to try to qualify. I do not know if I can substantiate that, but I have certainly heard it said. Fourth, the value of the incentive was low in the case of many companies. For example, the illustration used in the 1962 income tax bill showed that a company with sales of $1 million which increased its sales by 10 per cent would receive a tax concession of only $1,230, which is not a great deal on sales of $1 million.

Since this provision did not commence until April, 1962, very few companies have yet had one full taxation year under the scheme. Accordingly, there are no statistics available to indicate the amount of revenue given up or the number of companies deriving benefit under this section of the act. As I say, there can be no doubt that this provision afforded windfall benefits to a number of companies but it is doubtful that it provided a real incentive for any expansion or increased employment. It is proposed that it be withdrawn with effect for 1964 and subsequent taxation years.

Mr. Nowlan: Mr. Chairman, I do not intend to take the time of the committee in commenting at any length on the dire, funereal record with which the minister has instructed the committee. I simply say in passing that I think almost every budget resolution of every minister is sometimes criticized. I suspect that some of the minister's budget resolutions have been criticized, and the mere fact that this one was criticized does not necessarily impair its effectiveness.

There is no doubt that there was some question as to the degree of incentive contained therein and, as the minister said, the figure set forth in the example perhaps is not one which would encourage a company to tremendous efforts. Nevertheless, I regret that he has seen fit to withdraw this incentive before there has been time for it to be considered on its merits, and I say that because a year has not yet expired. However, this has been a decision of the government and as far as we are concerned I do not see any point in discussing the matter further at this time. I regret that decision has been taken, but its having been taken I am prepared to accept and, subject to what other members may wish to raise, I am willing to move on to the next question.

Mr. Monteith: I should like to say a word or two following what the hon. member for Digby-Annapolis-Kings has said. The minister mentioned that one of the reasons for this was sales volume rather than efficiency. I hesitate to put much stock in that particular statement simply because no company is going to operate inefficiently if it means an extra dollar of savings. In so far as switching sales from one year to another is concerned, this always catches up with a company and I believe most companies have found that out over the years. The minister also mentioned that the benefits were so low for most companies, that they were not of much value. I should like to point out that some companies which may have enjoyed benefits under this particular piece of legislation will now enjoy no benefits. They will not benefit from any incentives.

I join, too, with the hon. member who has just spoken in voicing my opinion that the measure has not been given a fair trial. It came into force last year and it is being voided as of the end of 1964. I do not believe the rather vague criticisms which the minister made of section 40A justify its deletion at this time.

Mr. Lambert: I would certainly echo the statement of my colleague from Perth because I feel that, at best, a great deal of the criticism was theoretical and somewhat specious. I would say that the greatest measure of increased sales is the matter of price, and the measure of efficiency is really the quantum of your sales. I regret that this measure which has been given so little trial has been summarily buried, and especially on the basis of so little evidence.

There is a further point I should like to get clarified, and that is the reference to 1964. Is this the taxation year in respect of any company that wishes to qualify under this particular form of incentive? I do suggest to the minister that people will be sorry to see this provision go, because I think you are merely substituting another form of incentive for one that is already on the books.

Mr. Gordon: I do not want to repeat myself, and I do not want to go into the criticisms. I expect all hon. members know that this particular incentive was questioned rather seriously at the last meeting of the Canadian tax foundation, not on any political grounds or anything like that, but it was felt by a member of practitioners in this field that it would probably cost more to claim the incentives than it was worth. I do not want to pursue the matter, but that was the feeling of the people who, normally, I suppose would have been expected to be in favour of it. I do not believe there was enough in it to make it worth while.

The Deputy Chairman: Does that complete the discussion on paragraph 3?

Some hon. Members: Carried.

The Deputy Chairman: Then, paragraph 4.

Mr. Gordon: In this paragraph it is proposed that oil and gas pipe line companies be allowed to deduct, in computing income, drilling and exploration expenses they incur in prospecting for oil and gas or minerals, in the manner of the companies in the business of oil, gas or mineral production or exploration, who have for many years been permitted to deduct exploration and drilling expenses. It also permits companies in the business of processing mineral ores or recovering metals or ores or fabricating metals to deduct exploration and drilling expenses of those companies in discovering supplies of oil, gas or mineral ores, since the continuation of their business depends upon the continued existence of supplies of these raw materials. Similarly, a pipe line company depends upon a supply of oil or natural gas, and therefore it should be allowed to deduct the cost of searching for these supplies.

Mr. Woolliams: I should like to congratulate the minister, particularly since he is dealing with a subject so dear to the hearts of the members of parliament from Alberta, and the petroleum industry. Perhaps I might just take a moment to read the resolution itself, and then I might ask the minister some questions about its wording. Paragraph 4 reads as follows:

With respect to expenses incurred after June 13, 1963—

This is the date of the budget.

—a corporation whose principal business is operating a pipe line for the transmission of oil or natural gas, be allowed to deduct in computing income the drilling and exploration expenses, including all general geological and geophysical expenses, incurred by it on or in respect of exploring for petroleum or natural gas in Canada—

Of course, it includes also other industries engaged in prospecting and exploration of minerals in Canada. In other words, I suppose what paragraph 4 says in a nutshell is that after June 13, 1963 a corporation whose principal business is operating a pipe line for the transmission of oil or gas, who decides to drill or explore for natural gas, shall be allowed to deduct in computing income the drilling and exploration expenses, including all general geological and geophysical expenses.

The first question that comes to my mind is the hope that the minister will be able to differentiate between what was done last year and what is being done this year. I do not say this in any political way. Before answering these questions, I should like to make a short statement on the industry itself. I suppose this provision is tantamount to a tax incentive to encourage the exploration of natural gas and petroleum by Canadians or Canadian industry. After all, if we accept the minister's word as contained in the budget itself and now in the resolution, that seems to be his ambition. The budget itself, of course, appears to have run into several shipwrecks in that regard.

In so far as natural gas is concerned in Alberta, it was often found when they had what they call a dry hole. Natural gas was not used or expected to be used for a number of years, and in fact was capped in most wells in southern Alberta and northern Alberta. Sometimes it was burnt off as a waste product. It was for this reason the former administration set up the Borden commission. Then, at that time we ascertained that in the province of Alberta we had known or proven reserves of about 23 trillion cubic feet of natural gas. I do not know whether anyone knows, certainly I do not, what a trillion looks like. However, it is a lot of natural gas. I am sure the minister will agree with me that natural gas does come from the province of Alberta.

Some hon. Members: Hear, hear.

Mr. Woolliams: If I may speak seriously for a moment, it was as a result of the Borden commission that the national energy board was established. It was at that time that natural gas was exported from western Canada for the first time. Many people were pressing for this privilege for a number of years, long before the Borden commission was set up. The Borden commission designated the quantity of natural gas that would be needed for home consumption, and the quantity available for export. Of course one could go to the Canada Year Book which showed what our needs were in Canada, amounting to about 10 billion cubic feet per year, and that we had enough reserves for the next 30 years for foreseeable use in Canada. It is a good time to mention this because, coming back to the resolution itself, it has a laudable motive or objective, namely to give incentives to our own citizens to explore for natural gas and petroleum.

This is particularly encouraging because there was a lot of talk in the last few days about Americans controlling our industry. I do not suppose there is any industry which is more greatly controlled by American investment than the oil and petroleum industry. The reason for this is that they have been in that field for so many years and United States companies had the technicians and skill when they came into the province of Alberta. For this reason I say the resolution contains a laudable objective and ambition on the part of the government.

Also interesting to note is the "Short Term Energy Forecast 1960-66" study, authorized by the national energy board, which I got today for the purpose of making this speech. Quoting from page 8 it says:

Domestic demand for natural gas is expected to increase at an average annual rate of close to 11 per cent in the period 1960 to 1966—

In other words there is an expected increased demand of 11 per cent for each of those years, and there are three years still to go.

—compared with an average growth rate of 18.6 per cent in the preceding decade (1950-60).

I do not say this in an unkind or political way but I would like to point out, Mr. Chairman, that for many years, in fact right up to the previous provincial election, the Liberal party in Alberta, led by my good friend, Mr. Grant MacEwan, was the party opposed to the export of natural gas in Alberta. However there was pressure brought to bear by myself and all hon. members from Alberta, from 1958 onwards, to make certain that we got cracking on the export of natural gas, not only because of what it means to the economy of the province but because it helps Canada with its imbalance of trade, and in money relations with the United States. This study continues:

Natural gas markets in 1950 were restricted largely to the province of Alberta.

At this point I might say that there has been a tremendous development in the province of Saskatchewan in latter years. That development was delayed because of lack of confidence in the government which came into office in 1944, but since that time more confidence has developed and progress has been made in this field.

The rapid growth in the succeeding decade and in the forecast period can be related to vastly increased supply and the construction of large diameter, long distance transmission lines connecting western Canadian reserves to markets from Vancouver to Montreal.

The next part is very interesting:

Exports of natural gas rose from virtually nothing in 1950 to 110 billion cubic feet in 1960. By 1966 exports are conservatively estimated to be in the 400 billion cubic feet range. For the purpose of this study, it was assumed that no additional federal government licences to export gas would become effective in the next three years and that exports would approach the maximum allowed under licence, except for the interruptible volumes licensed for export at Niagara.

In the period 1960 to 1966 natural gas production is expected to grow at an average rate of 15 per cent per annum, compared with an average of 22 per cent per annum in the previous decade.

Just pausing there, Mr. Chairman, I would point out that there have been many plants built in the province of Alberta. Only last year a new $66 million petro-gas plant was opened north of Calgary, to handle by-products from this industry. It is these plants that have made the province of Alberta so economically sound. It is the royalties from the petroleum and natural gas industry that allow the government to develop the province extensively.

I am not going to take anything away from the provincial government in this regard. I could talk for a long time about differences of opinion with regard to oil policies, but I think the provincial government from the outset set about encouraging investment in the province, and one has to give credit where credit is due.

Some hon. Members: Hear, hear.

Mr. Woolliams: I knew this would cause some excitement on my left, but I say this without any reservations whatsoever.

I am very happy to see the hon. member for Winnipeg South Centre, the former minister of trade and commerce, present in the chamber, because it was under his direction that the Borden commission came out with its report and the national energy board was established. I remember so well, and it seems such a short time ago, when he outlined the objectives and ambitions of the national energy board. We who live in the province of Alberta will always be grateful to him for getting cracking on the export of gas. We at one time went to bed with our coal reserve; we certainly did not want to go to bed with our natural gas reserves. We therefore approved the export of some.

As the minister said in reference to other resolutions, tax matters are very technical. I do not hold myself out as a tax expert in the field, but with reference to paragraph 4 I would like to ask what is the difference between it and the budget resolution passed last session in regard to write-off expenses? I am rather disappointed with paragraph 4 because it says—and here I come to grips with my main argument —

—with respect to expenses incurred after June 13, 1963 a corporation whose principal business is operating a pipe line—

Why cannot a syndicate of farmers in the province of Alberta, or other people with Canadian investments, have this write-off privilege against business expenses if they want to wildcat for oil and natural gas? It is these people whose fathers or grandfathers first started the great petroleum industry on the road in Alberta, at Pincher Creek and other places. They gathered in groups and said, "We will take a gamble; we will put up so many thousands of dollars and dig a well." It was afterwards that the big corporations moved in from the south when they smelt the wealth in the air.

If we are really ambitious and anxious to see Canadians take part in the development of their country, this clause should apply to anyone who honestly explores for petroleum and natural gas. I intend to go into this argument fully, but since I see it is six o'clock I shall stop now.

The Deputy Chairman: Order. May I advise hon. members of the committee that the committee will resume its work at seven o'clock.

At six o'clock the committee took recess.

AFTER RECESS

The committee resumed at 7 p.m.

Mr. Woolliams: Mr. Chairman, just before the short supper recess I was discussing resolution 4 and I was dealing with the resolution in this regard—if I might repeat myself briefly—that in respect of expenses incurred after June 13, 1963 a corporation whose principal business is operating a pipe line will be allowed to charge off certain geological, geophysical and other expenses. I said that certainly the resolution does not apply to all Canadians, to people living in Alberta and outside Alberta who wish to form a syndicate. I commended the minister on his action to have more Canadians invest in their own industry.

I do not suppose, as I said before the supper hour, that any industry is controlled more by outside, foreign investors than is the oil industry. It is only a month or two months ago that one of the last major Canadian oil companies in Alberta sold out to Shell. I was quite complimentary to the minister when I said that behind this measure, as was behind the policy of the previous government when they brought in a similar resolution with reference to these expenses, is the intention to encourage Canadians to invest in their own industry and to invest particularly in the exploration and discovery of natural gas and petroleum.

Before the supper adjournment I was speaking off the cuff when giving figures in reference to the Borden royal commission on energy in 1957. I have since had an opportunity to check these figures. I said there were 27 trillion cubic feet of reserves in Alberta. That should have been 23.3 trillion cubic feet. I pointed out at that time that the Borden commission stated that Canada needed approximately 10 billion cubic feet of natural gas per year for its foreseeable economic demands either domestic or industrial. I pointed out also that we were the only party that has been consistent in reference to the export of natural gas from the prairie provinces as being not only important to the economy of the west but also to the economy of Canada as a whole, because by the export of natural gas to the United States we would bring about a closer balance of trade relations with the United States and alleviate the imbalance in regard to foreign exchange between our two countries.

I pointed out, also—and I wish to repeat this and put it on record again—that other parties were just as consistent in the opposite philosophy. It was the Liberal provincial party that consistently throughout the years opposed the export of natural gas from the province of Alberta. They opposed it, I suppose, on grounds that they felt were justified in this regard, that we might run out of natural gas for the domestic and industrial use of Canada.

I have also pointed out today that we went to bed with our coal in Alberta. When I first came into the House of Commons, every newly elected Conservative member from the province of Alberta pressed our own government and others for action in the export of natural gas, because when there is a demand for a commodity, that commodity will be produced. When we talk about production of that commodity, then we will really get out and explore for it, irrespective of what the tax incentives may be.

It is rather interesting to put on record once again an article from the December 11, 1957 issue of the Calgary *Albertan,* which I placed on record on May 25, 1959, when I paid a most deserved compliment to the former minister of trade and commerce, the hon. member for Winnipeg South Centre, the person who finally got the movement of natural gas out of the prairies so we would have a full economy in the west and be able to bring about economic stability not only here in Canada but between the United States and Canada. This is what was said in the *Albertan*:

> Last week end the provincial Liberal party had a meeting of sorts in Edmonton. Naturally it had to say something about gas. But a more meaningless and cowardly statement it could not have made. The party is still obviously confused, still hopelessly ignorant of the industry and issues.
>
> It called for a "maximum availability of natural gas for domestic and industrial users in the province, having regard to economics involved". Nobody disagrees. Nobody at all. But does the provincial Liberal party realize that the maximum local availability can only be obtained as the result of a vast and thriving export industry.

In other words, when you export a commodity and those people who were exploring and processing that commodity receive revenue from outside the country as well as revenue from industry inside the country, you can use that capital back to explore for that commodity to a greater extent. That is

what brought about reserves of 23.3 trillion cubic feet of natural gas in Alberta.

> But does the provincial Liberal party realize that the maximum local availability can only be obtained as the result of a vast and thriving export industry.
>
> It called for a provincial gas policy—

They had been calling for that for 30 years:

> —which would "encourage the establishment of new industries within the province".
>
> There again, evidence is conclusive that the maximum local industrialization will come through a policy of maximum export. If the Liberal party agrees, why is it beating around the bush?

These are words contained in an editorial in the *Albertan*, which has never been unfriendly to the Liberal party, as the Secretary of State, who I believe just said something, knows. It is the mouthpiece of the Liberal party in the province of Alberta. They were prodding them on. This article continues:

> Finally, it says "any policy of gas export from Alberta shall first take into consideration the present and future interests of the province, and especially the matter of protecting the consumers of Alberta in the matter of costs".

Mr. Pickersgill: Mr. Chairman, could I ask the hon. member a question?

Mr. Woolliams: I have only a few minutes. Would you save your question until the end of my discussion.

Mr. Pickersgill: I do not think it will be relevant then.

Mr. Woolliams: It probably will not be, because many of your questions are never relevant to the issue before the house. I want to compare that article with a passage contained in the Canada Year Book. If I were to quote from some of the newspapers favourable to the Conservative party—and I have to admit that in the last year or so they are sometimes hard to find—then it might be said that that was a Conservative viewpoint. But I want to quote from the Canada Year Book. This is a work by people who have made a study of these things, and this is what they said about our policy as far as petroleum and natural gas are concerned—because we brought about a new national policy for petroleum, and I should like to ask the minister whether his government still favour that policy, and will they decide to continue it in the future? It is a policy which has meant much not only to western Canada but to Canada as a whole. When the Conservative government took office in 1957 following the Suez crisis there had been a rise in exports of crude petroleum from the prairies due to the upset in the oil industry in the Near East. With the straightening out of the foreign situation there was a decline in our markets. The former Conservative government moved into the breach, and this is what the Canada Year Book says about it.

Mr. Pickersgill: What year?

Mr. Woolliams: It is 1962. I do not know whether the 1963 edition is out yet, but I hope it comes out soon, as I know the Secretary of State is going to be interested in it. The Canada Year Book says:

> As a result of important new developments, 1961 was an exceptionally good year for many segments of the petroleum and natural gas industries. The production and transportation sectors of the petroleum industry benefited greatly from the federal government's national oil policy announced on Feb. 1, which was designed to achieve increased domestic production on a voluntary basis. Approximately one-half of Canada's crude-oil-producing capacity has been shut-in in recent years; the oil policy set production targets for Canadian producers so that a more favourable production-to-consumption ratio would be established.

Mr. Pickersgill: Was that the George Hees policy?

Mr. Woolliams: It may have been. It was certainly the Conservative policy. I know what the Secretary of State is suggesting; he resigned from the former government, but I am not going to get into an argument about that. George Hees was minister of trade and commerce at that time and was putting forward the ideas of the Conservative government; and no one on this side will suggest that during that time he did not do a good job. The Canada Year Book goes on:

> Specifically, output goals of crude oil and natural gas liquids were set at 625,000 barrels a day by mid-1961; 640,000 barrels a day for the whole year; and approximately 800,000 barrels a day by the end of 1963.

In other words, when we took office in 1957 the demand was such that we could only get rid of 300,000 barrels a day. Our target was set at 800,000 barrels a day. With our new policy we were able to bring it up to 625,000 barrels a day, and provided the policy is continued and we are able to keep our export arrangements for natural gas and petroleum to the western states of the U.S.A., it will increase. I say that because we made a deal in light of United States interests not only in Venezuela, but other oil-producing countries.

In western Canada we are in a different position. If we can produce 100 barrels a day in one well we are doing pretty well. We are competing against Venezuela which produces 1,000 barrels a day in one well. The cost of production of crude petroleum in western Canada is greater than it is in Venezuela and the near east. This goes to the meat of the resolution, because the idea is to give incentives for greater exploration. But when you have a demand people and corporations will explore the commodity in

demand. The meeting of demand by supply has always been a good Conservative principle.

The Canada Year Book continues:

> In Alberta, the large increase in output did not result in a correspondingly large expansion of exploration and development programs during the year since production facilities and oil reserves were more than adequate to meet the increased market demand.

That is exactly what I am saying:

> In British Columbia, however, the stimulus of a new pipe line being built to make British Columbia oil available to Vancouver refineries caused a sharp increase in oil development drilling and installation of production facilities. The 1961 value of crude petroleum and natural gas liquids production was $509,834,660 compared with $438,978,707 in 1960.

In other words, for two consecutive years the return on petroleum and natural gas production on the part of western Canadian producers increased by $100 million under our national oil policy and because we had developed export markets for natural gas from that area.

Now let us take a look at the natural gas industry. Again, from the Canada Year Book:

> The natural gas industry had a highly successful year in 1961, both in terms of production and of capital investment. Production, valued at $63,607,157, amounted to 646,018,204 Mcf., a 24 per cent increase over the 1960 output and an all-time record. Thus, the large annual increases in natural gas production that have prevailed for the past decade continued without slackening, and the year-end completion of the Alberta-California gas pipe line ensures that the rapid expansion of output will continue through 1962.

Reference need only be made to page 496 of the Canada Year Book for 1962 to see that it has been predicted that with this program there will be further explorations and discoveries of petroleum and natural gas which will bring more wealth to the prairies and to Canada, giving us a better chance to balance our economic arrangements with the United States. I should like to ask an important question in discussing this resolution, Mr. Chairman, which is: Is the national oil policy laid down in February 1961 going to continue? This would mean more for production than any other measure we can take. We have only to turn to the northern part of the provinces of Alberta and Saskatchewan for new development, because there is the supply. I am referring to the Athabaska sands. Syndicates and corporations are now willing to spend up to $600 million to develop the Athabaska sands. A recent article which appeared in the Calgary *Herald* on December 7 stated that a proposed commercial complex which would cost an estimated $356 million would produce 100,000 barrels a day of synthetic crude from the Athabaska tar sands by 1970. The government should give these syndicates and corporations the chance to make this exploration and development, and to process the by-products thereof.

I come back to section 4 of the resolution, which refers to a corporation whose principal business is operating a pipe line for the transmission of oil or natural gas. In other words, as I understand the resolution it applies only to those corporations operating a pipe line for the transmission of oil or natural gas. Why does it not apply to a group of farmers or businessmen who might wish to form a syndicate? These people would like the opportunity of reducing their tax problems and investing in the industry of this country and in the development of oil and natural gas. Only when there is a really solid incentive will we get the requisite Canadian investment. They are the people who should be mentioned in this paragraph. I am not belittling in any way the corporations engaged in the transmission of petroleum and natural gas, but let us give everyone a chance, whether they be a big corporation such as Shell Oil, Standard Oil of New Jersey, Imperial Oil, or whoever it is. It was not long ago that a group of farmers in the Drumheller area got together and purchased some leases. They wildcatted. They found crude petroleum. They found natural gas. They then sold that enterprise for $400,000 or $500,000. But more than 50 per cent of the income went from that syndicate to the Department of National Revenue by way of taxation because the Exchequer Court of Canada ruled that this was really not a capital gain.

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

The Chairman: Before the question is asked I think I should bring to the attention of the committee the fact that the time of the hon. member who has the floor has expired.

Mr. Pugh: We are in committee; I imagine I can ask him a question.

The Chairman: If we have unanimous consent that the hon. member may reply. Is that agreeable?

Some hon. Members: Agreed.

Mr. Pugh: Does my hon. friend know, of his own knowledge, that these were Canadian citizens, the people who formed this group?

Mr. Woolliams: They certainly were. They were born Canadians, most of them in the province of Alberta.

Mr. Olson: I do not wish to enter upon a full scale discussion of the development of the

petroleum and natural gas industry in western Canada or in Alberta in particular. However, the speech to which we have just listened contains so many contradictions not only within itself but on matters of fact that I think it would be well for me to spend a few minutes dealing with some of them.

First of all, the hon. member said the Progressive Conservative party was the only party which had consistently advocated policies which would lead to the expansion of the natural gas industry in Canada. Then, in the course of further remarks, he said—

Mr. Woolliams: I know the hon. member would not wish to misquote me. I said we were the only party which had consistently recommended the exporting of natural gas. I did not make such a reference to the expansion of the industry as is suggested. In fact, I told the minister that this was one method of helping the industry to expand.

Mr. Olson: I do not see any point of order there.

Mr. Woolliams: Well, let us get the facts.

Mr. Olson: The hon. member also said the building of the trans-Canada pipe line was one of the greatest moves in expanding the natural gas industry in Canada. I waited patiently to hear the hon. member say something about the famous pipe line debate of 1956 and the stand which the Progressive Conservative party took at that time. I was waiting to hear him explain the position his party took then with respect to this pipe line, after saying the Tories were the only people who had consistently advocated the expansion of natural gas through export.

He went on to refer to the Liberal party, particularly in Alberta, as being against the export of gas. I think if the hon. member will turn his memory back to years during which we were talking about the export of natural gas from Alberta he will recall that at that time we were talking about exports from the province, not necessarily about exports from Canada to the United States. Certainly, I agree with him that the establishment of the trans-Canada pipe line was one of the most important developments in expanding those exports. I think it is fair to say that the attitude of the Conservative party, which was in opposition in early 1956, was one of the most obstructive in the history of Canada as far as the export of natural gas is concerned.

I think it is important to remember that the findings of the Borden commission culminated in the establishment of the national energy board, and during the fall of 1957 the then hon. member for Calgary South speaking in this chamber pointed out that there was a need for Canada to study her energy resources and consider how these resources could best be used to meet the needs of the nation. At that time the then hon. member for Calgary South, pointed to the Alberta gas conservation board as an example for the federal government to follow in establishing the regulations needed to provide for the proper utilization and conservation of our natural resources in this respect. It is also interesting to note that the board was later headed by the man who was then chairman of the Alberta conservation board.

The demand for natural gas and petroleum is certainly increasing on the north American continent. I think there is a greater percentage increase in this field than in the use of any other energy source being used today. In line with this expansion there is a need for more exploration and for greater inducement to prospectors so that our reserves can keep pace with demand. Moreover, as has been pointed out, the export of petroleum and natural gas is one of the most important aspects of our trade with the United States. It earns us United States dollars, and were it not for the contribution of this industry the position in respect to our balance of payments would be much more unfavourable than it is at the present time. So I endorse this resolution to the extent that we do need to provide inducements for exploration because, as the demand increases, we need additional sources of raw material to enable us to keep pace with the need.

Mr. Orlikow: I am not surprised that the hon. member for Bow River should have endorsed this proposal, because it is not very different from similar proposals which were made by the former government last session. I must say I am puzzled by the argument the hon. member advanced in support of this resolution. He attributed the growth of the industry in the past half dozen years to the export of oil and gas, which was permitted and fostered by the former government. He said that expansion of the industry would follow the increased demand. I think that is true, in which case I can see no reason for providing further tax concessions to this industry. Tax concessions can be justified for poor areas. They can be justified for industries which are in difficulty. But here we have an industry which is growing at a phenomenal rate and making tremendous profits while keeping a substantial part of the profits it makes and increasing the assets of the companies.

The minister proposes that we give these concessions contained in this item at the same time that he is calling on the Canadian people to be realistic, to face the problems of Canada and to make sacrifices. Here is

what the minister said in his speech on July 2, as found on page 1751 of *Hansard*:

> If the people of this country are not willing to back a government which has a program, and are not willing to pay more taxes in the interim, we shall have to go on drifting and inevitably, sooner or later, we shall end up on the rocks.

Later he said:

> —I am convinced that we shall all be worse off in the long run if we fail to face up to the problems that confront our country. We simply must begin to do something about them. In my opinion, the answer is not simply to let things rip. There are limits to the amounts of deficits, and I am thinking even more of cash deficits than budgetary deficits, which the economy can stand without getting us into greater trouble.

So the minister calls for an end to deficits and more taxes on July 2, but today he is presenting concessions which will cost the people of Canada millions of dollars. Is this a poor industry? Let us look at the facts. Members can find the facts if they will look at the annual survey of oils published by the *Financial Post*. I have looked at the record. Let us take Trans-Canada Pipe Lines. In 1958 that company lost approximately $48,000 but in 1962 it had a net profit of $4½ million. In 1958 its total assets were $282 million but by 1962 they had grown to $338 million. Imperial Oil, which has important pipe lines, had a net profit in 1958 of $50 million but by 1961 this had grown to $67 million. Their total assets were $861 million in 1958 but by 1961 they had grown to $938 million. Their earnings per share, which were $1.61 in 1958, had grown to $2.14 in 1961.

British American Oil Company had a net profit of $20 million in 1958 but by 1961 it had grown to $32 million. In 1958 their total assets were $511 million but by 1961 they had grown to $563 million. In 1958 their earnings per share were $1 but by 1961 this had grown to $1.59. Texaco of Canada Limited had a net profit in 1958 of $9 million but in 1961 they had a net profit of $10 million. Their total assets grew from $159 million in 1958 to $187 million in 1961. Their earnings per share rose from $2.86 in 1958 to $3.10 in 1961.

This is the industry, Mr. Chairman, which the minister picks to give tax concessions to. I do not suppose that the minister listened to his parliamentary secretary. In the last session the parliamentary secretary, at that time just the member for Kingston, had this to say about this very question when discussing proposals made by the former government, and I quote from pages 1464 and 1465 of *Hansard*:

> The oil and gas industry as such will contribute very little to the income tax revenue of the federal government even though its gross revenue exceeds $500 million. I can think of no other industry in Canada in this favourable position. It has been claimed that this industry needs further encouragement to find reserves. According to figures produced by the Canadian petroleum association, at the end of 1961 reserves on hand in Canada amounted to 18.9 years supply.

He also went on to say:

> What we need is more and faster growing markets for petroleum products. If we had these we would not need tax concessions to stimulate the search for oil.

I think this was a very good speech and the minister should have paid some attention to it. If he had I doubt that he would be proposing now that we agree to further tax concessions for an industry that is already doing extremely well. I am disturbed that we should be proposing tax concessions for an industry which is doing so well at the same time that the minister has said in effect during his budget speech that we simply cannot afford to do what is requested from us by the provinces.

I do not intend to make a speech about dominion-provincial relations today, but let us look at what the minister had to say about the desire of all provincial governments, regardless of their political colouration, for more revenue. Here is what he said as found on page 1,000 of *Hansard* for June 13:

> The summary of our financial position which I shall give shortly will make clear that the federal government is no less pressed for sources of revenue than are the provincial governments. This government assumes no rigid position on the sharing of joint tax fields. It is clear from the record of the past that readjustments of revenues and responsibilities are possible. But naturally no federal government can ignore the problems of federal finance in seeking to lighten the burdens upon provincial treasuries.

Having said this and having in effect told the provincial governments that he cannot see his way clear to meet their requests, he has given these concessions to the oil industry. I am not in the habit of quoting from the Bible, Mr. Chairman, but as I listened to the minister making his explanation I could not help thinking of that biblical saying that to him that hath shall be given and from him that hath not shall be taken away even that which he hath. Therefore I should like to move:

> That the income tax resolution be amended by deleting paragraph 4 therefrom and by renumbering the subsequent paragraphs.

Mr. Gordon: Mr. Chairman, this is an interesting amendment. I had thought when I listened to the hon. member for Bow River that he might be working himself up to an amendment of an entirely different character. However, if he had the impulse he managed to suppress it.

Mr. Nowlan: We are very reasonable people over here.

Mr. Gordon: The suppression or the impulse? He talked a lot about the export of natural gas from Alberta and there was a time when I thought he was offering himself as a personal exhibit of that kind of policy. I will come to the amendment in just a moment, but there was a time during the speech of the hon. member from Bow River when I thought he had perhaps overlooked—

Mr. Martineau: On a point of order, Mr. Chairman, should the amendment not be put before the committee before there is discussion on it?

The Chairman: Actually I must say I was under the impression that the minister was speaking on the amendment but I can read the amendment to the committee. It is moved:

That the income tax resolution be amended by deleting paragraph 4 therefrom and by renumbering the subsequent paragraphs.

Mr. Gordon: As I was saying, I thought that the hon. member for Bow River, when he was talking so much about various commissions, had overlooked in his reading a study made for another royal commission by the present member for Coast-Capilano who outlined the general policy that apparently the hon. member for Bow River approves.

I quite agree that the oil industry as such has been prosperous. However, I believe the hon. member for Winnipeg North will agree with me when I say that the great expansion, the great development expenditures of this industry, occurred some years ago. There has been an increase in production in recent years, but there has not been an increase in development and exploration expenditures. In fact, there has been a falling off. I have not the figures before me, but I think there is no question that this is true.

I hold no particular brief for this particular class of company. But if it is reasonable that companies in the oil industry should be entitled to explore for gas and oil and to write off their expenditures in this connection against their profits from that industry, then it would seem to me reasonable to include in that general category the pipe line companies that are vitally interested in the oil business. If there is not enough gas discovered, then their business will suffer. It seemed to me that it was reasonable that people or companies who were so directly involved and engaged in this industry should be given the same treatment as other people in industry.

Now, that is the purpose of this paragraph of the resolution. You might say that because this is a prosperous industry, that because it has been one of the successful industries in Canada, there may be an argument, one with which I would not go along, that steps should be taken to depress the industry, that steps should be taken to make it tougher for the oil and gas industry. I would remind hon. members of the committee, and the hon. member for Winnipeg North, that Canada as a whole, quite apart from Alberta, has gained a great deal from the success of the oil and gas industry in recent years. I do not really believe that it would be in the best interests of this country to do things that would depress one of our most successful industries. I would hate to see that done.

This particular provision, in my opinion, is not a very important one. Nevertheless, it will encourage certain companies that are definitely engaged in this industry and which incidentally, with one or two exceptions, are amongst those controlled in this country, to participate in the future development of additional gas and oil supplies in the western part of Canada. I used to have a better grasp of figures perhaps than I do at the moment. However, the hon. member for Bow River made one statement which I am sure he will correct when he has looked at the blues. I think he said that the production or development of natural gas in Alberta had increased from 600,000 trillion cubic feet to 320,000 trillion cubic feet, but I am sure he did not mean that.

Mr. Woolliams: I have not looked at the blues, but what I did say if the minister would permit me to interrupt, was that the known or proven reserves were 27 trillion cubic feet and the Borden commission says they are 23 trillion cubic feet.

Mr. Gordon: I do not want to get into a discussion on statistics, which I do not think would be very profitable. However, the fact is that this is one of the industries which it seems to me first of all, we should be encouraging. We should be proud of an industry that has made a real contribution to our balance of payments problem in recent years and which could make a further contribution in that regard. I should not like, therefore, to see us restrict certain companies that are very definitely involved in this industry and which are in a position to make a contribution to the future development of this industry. I should not like to see the house restrict their opportunities.

As I say, I do not consider this one of the more important paragraphs of this resolution. I suppose that this amendment is to the resolution itself, and it proposes that this particular paragraph be deleted. As I say, I do not think it is the most important paragraph in this resolution by any means. On the other hand, I think it is probably a useful incentive to the oil and gas industry and, to that extent,

it seems to me it should be supported. I am afraid, therefore, that on behalf of the government I could not support the amendment that the hon. gentleman has just moved.

Mr. Douglas: Mr. Chairman, the minister has given two reasons why the amendment should be opposed. He first suggests that this concession of allowing pipe line companies to charge their exploration and drilling costs against their income tax is already enjoyed by oil companies. I would remind the minister that last year we opposed this concession being given to the oil companies. The mere fact that the oil companies enjoy this very special privilege is no reason that we should compound that felony by giving the same privilege to the pipe line companies.

The second argument put forward by the minister is that, while these companies are certainly not poor by any stretch of the imagination, this might increase the exploration program and therefore cause a great impetus in the oil and gas industry. I would point out that the greatest period of expansion in the oil and gas industry was when they did not have this particular concession. In other words, the concession is not the thing that spurs oil exploration. What spurs oil exploration is when the company knows it has a market for its product. At the present time the oil and gas industry is not using all the reserves it has, but this is through lack of markets rather than through lack of any incentive to explore. I do not believe that giving these companies additional incentives is going to cause a great flurry of exploration and drilling.

When the minister speaks about this as a rather minor matter, I cannot help thinking of the great plea he made for the tax on building materials, that it was very difficult to get revenue and we must all, therefore, bear our share of the load of financing Canada. Surely if we are going to ask people to carry a very heavy burden by virtue of imposing the 4 per cent sales tax on building materials and production machinery, which will be increased later to 8 per cent and afterwards to 11 per cent, and on the other hand if we give some of the richest companies the incentives provided here, that already have large reserves of undistributed profits set aside for drilling and exploration, which work they are not carrying out, it displays a very poor sense of values?

We feel the very least the government could do would be to cancel this concession to the gas pipe line companies, and I would hope it would even take into consideration cancelling it to oil companies as well. If we are going to ask the little people of the country to carry some of the burdens implicit in the minister's objective, then we should not hand out, at the same time, large sums from the public treasury to oil and gas companies.

Mr. Woolliams: I would like to make a short reply to my hon. friend from Medicine Hat, if the minister will bear with me. Actually it is relevant in dealing with clause 4. The hon. member was talking about the pipe line debate, and all I want to say is that reading the pipe line debate I have found nowhere that this party is on record as opposed to the building of pipe lines.

We were opposed to the method of financing, and as will be found at page 83 of the 1957 royal commission on pipe lines, one of the first things the commission found out was that there were 55,000 shares given to a man named Tanner, former minister of natural resources in Alberta, at an option of $8 a share. At that time no other Canadian could get an option on those shares. He never had to put up any money. If he had put up the money it would have cost him $444,000, but when he unloaded them on the stock exchange at $34.50 he made a capital gain of approximately $1,457,500, and it was on account of that that we made our objection.

I would point out, Mr. Chairman, that in my opening remarks this afternoon I did compliment the provincial Social Credit government on assisting the development of the petroleum and natural gas industry. I want to repeat that. It has done a good job in this regard. I have not always agreed with everything it did politically, but basically it has done a good job when compared with sister provinces.

Now, I would personally go on record as opposing the amendment. Anything that helps the expansion of industry helps everyone. My hon. friend speaks about giving to the rich, but it must be remembered that corporations pay taxes and are economically responsible, and as they develop, more jobs are created.

I have only to draw an analogy to the coal operation in Alberta. When the coal companies could not sell their commodity there was no more exploration and no more new mines developed. In fact the mines closed and, as is the case in Drumheller, many of the men who lost their jobs are still unemployed today.

When a corporation is given an advantage to develop and explore for either natural gas or petroleum it can expand and give more jobs. In this way the country becomes more economically healthy, and on that basis I would oppose the amendment.

There is one question I want the minister to answer. As the law stands today, and as it would be amended by paragraph 4, does it mean that unless a group of people formed

a company and went into the business of the transmission of oil and gas, they would be denied the privilege of writing this expense off any other business they have? In other words, does this prevent people who want to go into the wildcat business of drilling oil and gas wells? Do they have the same privilege under the law as it now stands and as it would be amended?

Mr. Gordon: I think the hon. gentleman probably realizes if he has read the amendment, that the people he refers to do not come under it at all.

Mr. Woolliams: Then this means that those corporations already in the business of transmitting oil and natural gas—even if they are foreign corporations and most of them are—will get this advantage, but a group of Canadians forming a syndicate to explore for natural gas, petroleum and other minerals will not be given the privilege under paragraph 4. If this is a budget to encourage Canadians to invest their own money then I say this provision should encompass everyone, and not discriminate one against the other.

Mr. Gordon: I do not know if the hon. member really intends this, but it is certainly not the intention of the government to create a class of Texas millionaires in Canada, as has happened in the United States. If one takes seriously the proposal of the hon. gentleman, what he means is that anybody who is in the top income brackets, anybody who is paying say 75 per cent or 85 per cent, can explore for natural gas and oil in Canada; and that he would let them do so anywhere they can by gambling 20 per cent of their own money and 80 per cent of the government's money. If they are lucky they make a fortune, and if unlucky they only lose 20 per cent. So far as this government is concerned it is against that kind of discrimination in favour of the rich.

Mr. Pugh: Just carrying on with what the minister has said, I gathered from his remarks that if you operate a pipe line, then you can start in on exploration for oil, gas and other minerals, but how far can a pipe line company go? Is there any geographical limit to it? If there is a pipe line company in Alberta, can it go for minerals in the Northwest Territories or in eastern Canada?

Mr. Gordon: Anywhere in Canada.

Mr. Pugh: Then this would automatically put them in a better position. The first thing to do is get yourself incorporated as a pipe line company and then start work on explorations outside the pipe line business, and you have a decided advantage over any other type of company in the exploration field. Is that not so?

Mr. Gordon: I think the hon. gentleman knows that any company in Canada can explore for gas, oil or minerals in Canada and deduct the expenses from the profits earned in that oil, gas or mineral business.

Mr. Pugh: I rather gathered from the minister's answer to the hon. member for Bow River that a person, group or syndicate who were in the exploration field were not in as good a position as those who had already incorporated as pipe lines. Was that answer given?

Mr. Gordon: The hon. member for Bow River was, I think, talking about a syndicate of farmers, although I suspect what he really had in mind was—

An hon. Member: Lawyers.

Mr. Gordon: I wonder whether he did not have in mind a syndicate of city slickers who are probably very well off, who are probably in the higher income brackets, and who would be put in the same position as similar people in the United States. There is an argument for this, but I do not find the argument very palatable.

Mr. Woolliams: May I just add to that little part of the minister's remarks that I think he fails to understand the petroleum and natural gas industry. For a few hundred dollars you can get a lease. That is what these people did in Drumheller. Then they farmed out agreements. They are not in the wealthy class; they are people probably making less than $5,000 a year. They were able to farm out their leases and under these agreements develop their property. It was from that property they made $400,000. I say that if this tax exemption extended to everybody—not the rich, millionaire companies the minister is talking about, but the average guys in Canada—so they could invest their money to develop these resources, the Liberal government would be doing a job for the average Canadian citizen.

Mr. Orlikow: Mr. Chairman, I do not know what the difference is between a Texas millionaire and Mr. Frank McMahon—

Mr. Leboe: On a point of order, Mr. Chairman; I was wondering, if the mover of the motion speaks now, will he not close the debate?

The Chairman: That is not my understanding.

Mr. Orlikow: I do not know what the difference is between a Texas millionaire and somebody like Mr. Frank McMahon. I do not

know how many of the poor people who started this oil boom around Medicine Hat are left in it, because if one looks at the figures he sees that 80 per cent or more of the oil industry is now controlled by United States interests. Nothing which I or anybody in this group has said today or at any other time could be taken to mean that we are opposed to the expansion of the oil industry. But what we certainly expect from this industry, as from any other wealthy industry, is that they pay their fair share of the costs of carrying on the business of Canada.

The minister is proposing taxes, as the leader of this group has mentioned, for the building industry, and the Minister of National Health and Welfare is going to propose a tax of 1 per cent of income on everybody, including people with low incomes, to help pay for the pension plan. But here the minister is proposing that we give further concessions to a part of an industry which has done extremely well in this country. He says we ought to do it for these natural gas and oil transmission companies because we have already done it for the oil companies; but it seems to me that what we ought to be doing is correcting the mistake which we made last time, rather than extending the mistake as the minister is suggesting today.

We see no reason why we ought to be making these concessions to these companies. If the minister is right in saying that there has been a slow-down in exploration, I do not believe for a moment that the slow-down has been because there are not enough incentives. If there is a slow-down, it is because there has been a tremendous expansion of this industry not only in Canada but throughout the world. The Soviet union is expanding into markets which were traditionally held by western European companies and United States companies in western Europe. The United States companies are drawing increasing supplies from the South American countries, I suppose because they are worried about the long range political situation in South America more than they are worried about the political situation in Canada. I do not believe this extension of write-off privileges to pipe line companies will achieve any more exploration, and I think it is completely wrong to be giving concessions to these companies at the same time that we are asking for further sacrifices from people in the lower and middle income groups in this country.

Mr. Turner: Mr. Chairman, I would not have risen on this particular resolution had I not been prompted to do so by the hon. member for Burnaby-Coquitlam and the mover of this amendment, the hon. member for Winnipeg North. I think it ought to be considered, when giving these so-called concessions to the oil and pipe line industry and natural gas industry, that one of the prime motives behind it, and a motive I would have thought the leader of the New Democratic party would have supported, is to put the Canadian oil producer and the Canadian pipe line company on a fair and equitable basis with his United States competitor. It was because of the lack of this type of legislation in the past that the United States companies were permitted to acquire about 85 per cent of the Canadian oil industry, because these so-called Texas millionaires were allowed to write off exploration charges, and so on, as an expense, whereas the Canadian competitor could not do so. Last year when a similar, truncated resolution was presented by the hon. member for Digby-Annapolis-Kings we criticized that resolution because it tended to protect the status quo. It was only oil producers and exporters that had been established prior to, I think April 10, 1963 who were given the benefit of resolutions 5(b) and 5(c) under the earlier statute.

Mr. Nowlan: 1962.

Mr. Turner: Under the 1962 statute. We criticized that because it tended to protect the United States companies which were already there; but the basis of the legislation was surely good. What it tried to do, and what this resolution tries to do, is put the Canadian producer and the Canadian manufacturer in the position whereby he can compete with the larger companies in the United States.

Mr. Douglas: How many of our pipe lines are owned by Canadians?

Mr. Turner: We are talking now about the total philosophy of this question. If hon. members of the New Democratic party are serious about encouraging Canadian ownership, especially of primary resource industries, then the philosophy behind this resolution should meet with their approval.

Mr. Leboe: Mr. Chairman, I would like to say a few words in connection with the amendment. First of all I would like to go on record as saying that it seems to be popular to condemn big business. I do not think it is a matter of popularity. I think we should consider some of the points of big business. Big business is absolutely necessary, the same as large aggregate is necessary when you are pouring concrete; you have to have the fine aggregate and the large. The larger companies we have in Canada today are public companies in which there are shareholders by

the thousand. The hon. member for Winnipeg North mentioned Mr. McMahon this evening. I can say to the hon. member that Mr. McMahon eats three meals a day, the same as I do; he wears one suit of clothes at a time; he can drive only one car at a time. This is all he can do. He can only take so much out of life, and I am sure the people working in the industry he has built up are very, very happy to get the pay cheques they are getting.

I do not think we should be so narrow between the horns that we cannot see out of our eyes. I think we should be considering this from the broad base of the benefits that will come to Canada as the result of more exploration in the natural gas and oil industries. I come from a constituency that is thriving today on exploration. These people plow back a great deal of the money that is made. The gas and oil companies, as I understand it, are interlocked; they are bound together. In the fact that they are bound together we find that a great deal of the profits of the oil companies come from imported products; they do not come out of the exploration of gas and oil at all, particularly oil. We import oil in great quantities from other countries, and they certainly make profits on this oil as well as on other oils.

My understanding has been for many, many years that these oil companies have plowed back actually more into Canada than they have taken out of the resources they have explored and brought forth from the ground. Therefore I believe that this paragraph should stand as it is in the text. I believe it is a good paragraph. Furthermore, in connection with the oil and gas industries, particularly the gas industry, this paragraph will encourage pipe line companies to bring about the use of the natural gas, which is an expendable resource, while we are in need of this commodity. We hope nuclear fission will be developed to such an extent that we will be able to use it and eventually it will be cheaper than any of these products we have today. I think we should use these to the fullest extent.

Before I sit down, Mr. Chairman, I should like to suggest the possible extension of the principle of this paragraph. I see that the Minister of Forestry is with us and I should like the Minister of Finance to get his ear and talk to him. In the forest industry I think there is a case in principle with regard to access roads, and this type of thing, which are capitalized. As I understand it, today the forest industry is not allowed any concessions in respect to capitalization and giving over of access roads, which in a sustained yield forest become roads which remain more or less permanent after the operators have gone. Years pass by and these roads are continually used to prevent forest fires and to reach forest fires caused by lightning, or some other phenomenon. I think there is a principle here which should be looked at very carefully, with the idea of extending some relief in this respect on a long term basis.

The Chairman: Is the committee ready for the question?

Mr. Herridge: I have just arrived at the appropriate moment, Mr. Chairman. As one who has opposed this type of taxation since it was first put into effect, I want to take this opportunity of saying that I heartily support the amendment moved by the hon. member in our group. I did attend this committee during the afternoon but I have been away on official business.

I have been reading about this matter, Mr. Chairman, and I have written some notes on it and I do not want them to be wasted. This amendment contradicts the feeble intentions of the Minister of Finance in his attempt to correct the imbalance of payments through his former takeover tax. In my opinion we should recognize that this amendment to the budget resolution will do more to preserve Canadian ownership and prevent United States companies from gradually increasing their capital in an unseen manner than anything else could at the present time. If a United States company operating outside of Canada wants to invest millions in Canada, it first sets up a Canadian—that is, a United States—company. Then it pays its profits into that company. Such profits are free of tax in Canada and so the entire profits can be invested.

This is what is happening with respect to the application of this resolution, as far as taxation is concerned. Big United States corporations that develop new mines, oil fields, etc., actually pay nothing in many cases for this development because our government allows them to deduct all such costs from their profits. They pay no taxation on that money which is invested in development and promotion. Thus a United States company can go on and on forever increasing its ownership of Canada without paying one penny by way of taxes to our country in this respect.

A brand new United States investment company developing resources in Canada can afford to spend huge sums of money for years on end before it starts producing and making cash profits. We had an illustration, Mr. Chairman, not long ago of a company which had developed a mine in this way, after having spent not one cent of its capital in developing the mine. Then because it was going to be affected by flooding, through some action taken by our provincial

government, it turned round and wanted compensation for all the money it had expended. What do you think of that sort of thing, Mr. Chairman? As I said, a brand new United States company can afford to spend huge sums of money before it makes cash profits. When those profits start to pour in they are cancelled by Ottawa by means of the trick of deducting all the earlier expenses. In that way Canada fails to collect taxes on the fabulous profits made in our country by United States investors.

In my opinion this has been one of the most fortunate pieces of legislation for foreign investors to date. United States companies can set up oil and gas wells and pipe lines in Canada and deduct from their profits not only the things that actually wear out in use—the usual depreciation allowance, which is normal with any taxation system—but they can also make deductions of things they have not even started to use, even things they have not yet built. This unique Canadian device was introduced by Ottawa drastically to cut their taxes, although such methods are strictly illegal in the United States itself. There is no such system of taxation in the United States, and I challenge the Minister of Finance to tell us that there is before this amendment is voted on.

As soon as a United States company begins to make good profits in Canada it can split its stock. For example, with the stroke of a pen a company can create millions of new shares of stock and then sell them to the owners of the company for a small fraction of the market price of that stock. Thus the owners might pay $5 for a share of stock worth $25. This device distributes enormous Canadian wealth to United States company owners, and Canada does not collect one penny of taxes from it. This system is always used in applications of this type of resolution in a budget. United States companies that have large operations in the United States can afford to spend millions in Canada on what might be quite risky developments, such as exploring for new oil fields, drilling large prospective mineral deposits—what are generally termed venture investments. In fact, they are sure of their returns before they start. However risky such things are for Canadians, they involve no possible loss of money for United States citizens. They simply use millions which they otherwise would have to hand over to Washington in taxes on their United States profits. If the ventured money brings no valuable discoveries, nothing has been lost since only United States government funds or taxes were spent. If the venture turns out to be profitable, a tremendous profit can be made; and on the basis of the law of averages a tremendous profit is made. These large corporations can undertake this type of development and investment, which is beyond the capacity of any provincial government, because of the world-wide ramifications of these corporations and the application of this kind of legislation.

When United States companies start to develop large Canadian resources they are literally paid for doing this, both by the United States and the Canadian government. First, as they spend millions on mines, oil and gas wells and pipe lines they deduct the amount from their regular United States taxes on their profits made in the U.S.A. So they are actually spending United States government funds on Canadian developments. Second, after their new Canadian operations begin to make a profit, they again deduct all their original investment, this time taking it out of Canadian taxes which could be charged on profits in Canada.

Now, Mr. Chairman, over and above the profits they make from actual production in Canada these United States companies can increase their wealth to an unlimited degree just by proving that the Canadian resources which they have taken over and which they have been given rights to really do exist. And they know they exist in most cases before development has commenced. For example, an oil lease which at first is worth little as a venture property may climb to hundreds of millions of dollars in value. Such miraculous but real increases in wealth are called capital gains. In all countries with a modern taxation system, including the United States, such capital gains are heavily taxed. But not so in Canada. Here the United States owner is not charged one cent of tax on his capital gains, even if they rise to billions of dollars.

The newest American device is to set up an investment trust in Canada. We had an illustration of that in recent weeks in this house. Such a trust does no real investing or developing itself, but purchases large blocks of stock in Canadian-producing companies. United States owners of the trust, no matter how much profit they make, pay no taxes. They are even permitted to take their profits to buy up more Canadian holdings; and so it goes on and on indefinitely, building a pyramid of Canadian wealth to be owned entirely by the United States because, in essence, of this type of budget resolution, and the failure of any Canadian government to implement a capital gains tax.

I just want to express my views briefly. I do not wish to take up the time of the committee unduly. This wonderful system of regulations which has been worked out by successive Canadian governments, whether

Liberal or Conservative, in intimate co-operation with Washington, I am sure, which has been responsible for the selling out of this country, does not apply to Canadians.

Mr. Gordon: Is the hon. gentleman suggesting I have been guilty of this.

Mr. Herridge: No, Mr. Chairman, not for a moment. I respect the minister as a man of integrity. This is the subconscious result, almost, of the type of association we have in this respect. The results of budget resolutions such as this, together with the fact that we have no capital gains tax, is the reason why United States corporations or their subsidiaries in Canada own 75 per cent of the oil and gas in the country. Canadians are able to accumulate billions of dollars to spend on defence. Why, then, do not Canadians develop Canada instead of the United States? The present tendency is, to put it simply, assured by such income tax laws as this, and by the great advantage which the United States enjoys over us in this respect.

I was told that years ago the principle behind these resolutions was to ensure expansion, to ensure development. What consideration does a farmer get when he clears an acre of land or irrigates an acre of land in order to improve production in Canada? All he gets, usually, is an increase in the taxes demanded of him by the provincial government. He gets no consideration, although he is usually a man with only a small amount of capital doing something to increase the productive capacity of this country. Why should not a small man in this position get the same consideration as do subsidiaries of United States corporations?

In addition, the people who take advantage of these laws bring their own labour with them, very often, from the United States under false pretences and do Canadian workmen out of employment. I have had some experience of them. In my own riding employees were brought in as landed immigrants. One cannot do anything about that under our present milk and water regulations. I thought I would check up on some of these people, so I asked the police to check their automobile licences. Practically all of them had asked for visitors' licences because they knew they would not be in Canada more than six months. The same attitude prevails with regard to our national employment service. I know the field managers of one of these corporations. They simply ignore our national employment service, and similar agencies. One of them told me: "I don't want anything to do with your little outfit. I want a group of men lined up in front of my office every morning seeking employment." He did employ Canadians for the week or so. Then he let them off and took on some more. The core of his whole organization consisted of United States citizens who had been brought into Canada as landed immigrants incorrectly and immorally. In my opinion, Canadians do not have the opportunity to develop Canada as they might because of a tax policy which stacks the cards against them. Only United States corporations are paid out of our taxes to take our country away from us.

I give wholehearted support to the amendment moved by my hon. friend from Winnipeg North. I urge the minister to give this question some consideration. Such measures as this, represent, on the whole, a handout to subsidiaries to United States corporations enabling them to finance the development of Canada in their own interest by the use of Canadian money.

(Translation):

Mr. Marcoux: Mr. Chairman, I only wish to say a few words to show how complex is this matter of taxation and how the royal commission on taxation is really needed.

A few days ago, Canadian citizens were complaining because the United States wanted to impose a tax on American investments in Canada and then, a few days later, the complaint is heard that the Canadian government encourages foreign investments in Canada.

Also, the N.D.P. members stated that the development of oil and gas industries, as far as drilling and well-sinking is concerned, does not depend on the reduction allowed in the payment of taxes, but rather on the development of the markets where to sell those products. Well, if the corporations are not interested in drilling, they will not do any, exemption or no exemption. The drilling and well-sinking will not be carried out by corporations that are not interested but by those that are.

It is not difficult to see that the majority of oil companies shares belong to Americans. However, we are in a given context and we must give everybody a chance, not in the development of profits but rather in the development of a new construction which shall be a new asset for the country.

Then, even if we do not like granting certain relief measures to the United States, I think we must vote against this motion.

(Text):

The Chairman: Is the committee ready for the question?

Amendment (Mr. Orlikow) negatived: yeas, 10; nays, 107.

The Chairman: I declare the amendment lost.

Paragraph 4 agreed to.

Mr. Gordon: Paragraph 5 of the resolution proposes an amendment to encourage Canadian individuals and companies to acquire shares in companies which, although not resident in Canada, carry on substantially all their business in this country.

Mr. Nowlan: I take it that this applies to a very limited number.

Mr. Gordon: Yes. It applies to such companies as the Hudson's Bay Company.

Some hon. Members: Agreed.

The Chairman: Paragraph 6.

Mr. Nowlan: Mr. Chairman, the minister has stood paragraph 1 and the definition which is incidental to No. 1 applies to 6, 7, 8 and 9. I wonder whether we would not make more progress at the moment if we stood 6, 7, 8 and 9, dealt with the rest and then came back to those four afterwards.

Mr. Gordon: I agree, Mr. Chairman.

The Chairman: Is it the wish of the committee that paragraphs 6, 7, 8 and 9 stand?

Mr. Gordon: I wonder whether the hon. member would like to include paragraph 10 as well?

Mr. Nowlan: Yes, I intended to.

The Chairman: Is it agreed?

Some hon. Members: Agreed.

Mr. Gordon: I am wrong. Paragraph 10 is not quite the same.

Mr. Lambert: Paragraph 10 is the surcharge on non-resident corporations.

Mr. Gordon: Paragraph 10 of the resolution proposes that the tax on branch profits of non-resident companies carrying on business in Canada be increased from 15 to 20 per cent at the same time as the non-resident withholding tax on dividends paid by certain subsidiary companies is increased to 20 per cent.

Mr. Lambert: It is a straightforward increase.

Mr. Gordon: Yes.

The Chairman: Shall we proceed to paragraph 11?

Mr. Gordon: Mr. Chairman, paragraph 11 proposes that the rate of tax on non-resident owned investment corporations be increased from 15 to 20 per cent at the same time as the non-resident withholding tax on dividends paid by certain subsidiary companies is increased to 20 per cent.

Mr. Lambert: This is a parallel development to paragraph 10?

Mr. Gordon: Yes.

The Chairman: Paragraph 12.

Mr. Gordon: This paragraph of the resolution proposes that the non-resident withholding tax imposed on interest, dividends, rents and royalties paid by residents of Canada to non-resident persons shall also be imposed at the rate of 15 per cent on management or administration fees or charges paid to non-residents.

Mr. Lambert: Was this thought by the minister to be a loophole when he was tidying up the administration, or is this felt to be a new source of revenue that the minister wishes to tax?

Mr. Gordon: Yes. There has been a suggestion that when the rate of the withholding tax was increased to 15 per cent a year or two ago some companies may have avoided it by the payment of management fees. Some questions have been asked concerning the kind of payment that will be taxed as a management or administration fee or charge. It is the government's intention that a management or administration fee or charge is to be regarded as an amount paid for advice or direction pertaining to the operation or administration of a company, not including an amount paid for services to an independent firm and not including specified amounts paid for identifiable services such as transportation, insurance, advertising, accounting and research.

Payments to non-residents will be taxed in circumstances in which the label of management fees is being used as a façade for the withdrawal of profits which should be subject to the full non-resident tax.

Mr. Monteith: Mr. Chairman, if this provision has been misused I agree completely with the idea of stopping the misuse. However, I wonder whether the minister has had any indication from certain foreign governments that possibly there might be more of these management fees paid, that possibly they should be larger, that certain companies are not charging any and they should be. Have there been indications that certain companies, according to certain foreign governments, may not be charging enough in this way?

Mr. Gordon: I have not heard the suggestion that certain companies may not be charging enough. It has been suggested in

business circles that the incidence of these charges increased subsequent to the imposition of the 15 per cent withholding tax.

Mr. Monteith: I gather that increasing the withholding tax to 20 per cent means that possibly there might be a further increase in the incidence of these charges.

Mr. Gordon: I think that one step at a time would probably be the right way to approach this problem.

The Chairman: Clause 13.

Mr. Gordon: This paragraph of the resolution proposes that interest paid to certain non-residents be exempt from withholding tax. The Income Tax Act imposes a tax of 15 per cent on interest paid by residents of Canada to non-residents. This tax is withheld at the source by the Canadian payer. This paragraph of the resolution proposes that non-resident persons such as pension trustees or charitable foundations that are exempt in their country of residence be granted an exemption from this withholding tax. The objective of this paragraph is to broaden the market for Canadian securities in other countries and in this way to help in the policy of keeping interest rates in Canada at as low a level as possible.

Mr. Lambert: Can the minister tell us if the proposal by President Kennedy the other day, as modified by whatever agreement may have been reached between the Canadian and American governments, will affect this proposal by the minister in any way?

Mr. Gordon: When the President's statement was issued on Thursday there was no doubt that it would have modified this particular proposal, although the effect of this proposal would be greater than the offsetting tax proposed by the President of the United States. Since the president's proposal has been modified or clarified or amended, I think that the effect of this proposal will be or should be as great as it was when it was originally proposed on June 13, and it will undoubtedly make it easier to sell Canadian bonds in the United States because the effective market for them will be substantially greater than it has been. The net result will be to help keep interest rates down in Canada.

It will be necessary for the non-resident organization desiring this exemption to make application to the Department of National Revenue in Ottawa. This will be done, of course, through the investment dealers who are approaching these organizations. In its application the non-resident organization will have to show that it is a purchaser of bonds on its own account and that it is exempt from income tax imposed by the government of the country in which it is resident.

Mr. Nowlan: Mr. Chairman, this was one of the paragraphs in the resolution on which, before the events of the last few days, I was going to commend the minister, which will surprise him mightily. I realize that possibly the situation has changed materially. I think it is a good thing to provide for investment in depth in fixed income securities to provide a flow of money into Canada. This at least meets the minister's view with regard to not having takeovers or anything of that kind. I was going to make a suggestion to him, though possibly it may be a little bit outdated today, that the balance of payments situation was such in another country that they would not welcome any further opening of this kind. I would commend to the minister, as if and when he may have a chance to deal with another budget, that he deal with this situation in respect of pension funds. Now a pension fund, first, is one which does not contain the danger of a takeover, as I understand it, of any corporation. They invest to a very limited extent. There is no danger of any such situation developing as the minister has cause, perhaps, to fear in respect of the purchases of substantial amounts of Canadian equities. I would hope that arrangements might be made whereby we could have widened the section even further than it is today. There may be difficulties in the way in view of events of the last few days.

I would have hoped that pension funds which, after all, are one of the substantial reservoirs of investment funds, might have been permitted to buy equities of Canadian corporations. They do not buy to an extensive extent. They do not attempt to take over control. I think sometimes it might be of interest to Canadian corporations to have a corporation of another country with a certain amount of moneys invested in a pension fund. Obviously, a pension fund is distinct from an operational fund. I could imagine companies might be buying Canadian products—shall we thing of aluminum, nickel and such various corporations—and if there were an opportunity for them to invest in equities to a limited extent as they do in pension funds, this would provide for a reasonable flow of United States capital coming into this country. There would be no danger of any takeover. It might possibly facilitate the operations of the Canadian corporation in a highly competitive market.

I am expressing this thought, although it may be passé at the moment; but I should like the minister's comment, because he may like to have it in there for some future occasion.

Mr. Gordon: The purpose of this resolution is, of course, to make it easier or make it

more desirable for pension funds in other countries to invest in Canadian bonds. As we all know, we are primarily interested in and thinking about the inflow of capital. Certainly, in totals and magnitudes, we are primarily interested in the sale of Canadian bonds abroad rather than Canadian equities.

Mr. Nowlan: Would the minister permit one question there? Surely he does not distinguish, even for pension funds, between investment in bonds and investment in equities, because they are both to a limited extent anyway?

Mr. Gordon: When it comes to investment in Canadian equities by pension funds or anybody else, I think it would be difficult to make a distinction. I am not at all sure that it makes much difference from the Canadian point of view whether the United States, British or French individual, or pension fund in one of those countries, invests in our equities, but it does make a major difference when it comes to investment in bonds. The amounts there are very substantial and if the pension funds in other countries find it difficult to invest in Canadian bonds, then for all practical purposes, something like 50 per cent or 60 per cent of the potential purposes or potential markets, certainly in the United States, are denied to the issuers of Canadian bonds. This was the purpose of putting in the provision. I think if you extend it to Canadian equities it could become much more complicated.

The Chairman: Shall the paragraph carry?

Some hon. Members: Carried.

The Chairman: Shall we proceed to paragraph 14?

Mr. Gordon: This paragraph of the resolution proposes that the period within which corporations are required to pay their income tax be shifted forward two months so that they will be on the same basis, and treated in the same way, as individuals. Now, the end result is that in a two-year period the revenues of the government will be increased by this measure by about $200 million. Then, at the conclusion of that period, corporations will pay their taxes at the same time and in the same way as individuals, with this exception, that they will pay on a quarterly basis whereas the individual wage earners pay it on a monthly basis. However, they will have to pay up the final payment by April 30 as the individual does now.

May I just correct that? I am sorry I made a mistake when I said the corporation paid on a quarterly basis. I am wrong: They pay on a monthly basis, too.

Mr. Fisher: Has the minister anything further to add to the indication he gave on Friday, that he was looking into the problem created by this change in so far as it affected, you may say, the lone wolf or single accountant, or people who catered to both individuals and small businesses?

Mr. Gordon: This problem relates to the next paragraph, but perhaps I should say now that I thought the points made by the hon. member for Port Arthur, the hon. member for Perth and a number of other people were very well taken. With the approval of the committee, I would suggest that that be taken care of in the bill.

Mr. Monteith: I should like, Mr. Chairman, to take issue with the minister on one minor matter. He makes a comparison between the corporation and the individual. In this respect, I would point out that the individual is estimated to have his income tax paid 100 per cent by the end of the year, whether it be by tax deduction or quarterly payments, whereas the corporation is still not estimated to have its tax paid until four months following the year end. This may be a minor matter, but I do not believe that they can be put on a completely comparable basis.

Mr. Gordon: The hon. member is quite right.

Mr. Monteith: I should like to ask the minister if he has ever had any thought that perhaps some minister of finance in the future will move this date two months forward again, or perhaps four months?

Mr. Gordon: I am not in a mood to forecast the future, Mr. Chairman, but perhaps that might happen.

The Chairman: Shall we go to paragraph 15?

Mr. Gordon: As I said a minute ago, this paragraph covers the date for filing. If it will meet with the approval of hon. members of the committee, I would suggest that the point that has been raised be taken care of in the bill. In this way, the problem that has been mentioned will be looked after.

Mr. Monteith: Is it contemplated that the present six months leeway for filing will be continued?

Mr. Gordon: Yes, that is the way we are thinking about it at the moment, and that will take care of the problem of getting in these returns within the time limit. This will make life possible—

Mr. Monteith: For the small town accountants.

Mr. Gordon: —for the small town accountants, like the hon. member for Perth.

The Chairman: Shall we go to paragraph 16?

Mr. Gordon: This paragraph of the resolution proposes that where undistributed income of a corporation passes from the corporation into the hands of its shareholders in a way which would otherwise avoid tax, the Minister of National Revenue may direct that it be included in the income of the recipient. It is not intended that this provision should be a permanent fixture in the law. It is hoped that within a short time, perhaps with the help of the findings of the royal commission on taxation, a different method of taxing the distribution of the surpluses of corporations can be devised to make unnecessary this particular measure.

In any event in the administration of this provision it is not intended to apply it to cases where the series of transactions in question had commenced prior to budget night. I think this point was raised early in the debate on the budget. As I remember it there were two objections, one that in the original form it could be interpreted as being retroactive in its application, and this was not intended, and the other point which was raised by the hon. member for Digby-Annapolis-Kings was that there should be an appeal from the ruling, and this was agreed to and will be provided for in the bill.

But quite apart from that, the hope is that this particular problem of extracting corporate surpluses without the payment of tax by the individuals who receive them will be dealt with in some more suitable fashion following the report of the royal commission on taxation. Perhaps this is being too hopeful, but I am still hopeful that the royal commission might be able to deal with this particular question in time, so that it could be dealt with in the next budget; but it may take a year longer than that.

Mr. Fisher: I would like to ask the minister a question. I note that at the sixteenth conference of the Canadian tax foundation last year, in the forum on undistributed income, chaired by Mr. R. MacKay, he is quoted as saying:

> As you may be aware, discussion of possible solutions to our undistributed income problem at the legislative level has been hampered to some extent by the unofficial knowledge that the Minister of Finance was provided with reports on the subject by four practitioners who have been bound to silence.

I am interested in this particular problem, particularly the part that is called surplus stripping or dividend stripping, because I happened to be in Montreal two years ago—

I think it was Montreal—where a very well known accountant by the name of Stikeman gave a paper on the question of ability to pay. He made reference to the number of ways by which what I term sophisticated accountants were able to find loopholes in the act.

Of course he went into whether this was a moral issue, and whether it was tax avoidance or tax evasion, and he gave some illustrations as to how taxation could be avoided and these surpluses stripped. It was quite apparent that this was a subject which the accountants themselves wanted to bring out in the open.

I noticed, even in the relatively small community in the business sense of the lakehead, that several years ago a number of fairly small companies were changing their corporate organization, and a company that would be, say, Blank Ltd. would become Blank 1961 Ltd. I inquired why this was going on and I was told this was the way in which corporations all across the country were, in a sense, distributing the surpluses that had been built up, and doing it through loopholes in the act.

I was sufficiently intrigued to make inquiries, and I put some questions on the order paper last spring. I put them on the order paper some months after Mr. Stikeman had set out pretty clearly the main ways in which surpluses are stripped under the act, and after someone who is an employee or perhaps a business partner of Mr. Stikeman, Mr. P. N. Thorsteinsson, at the 1962 conference went into great detail in setting out the two main ways in which surpluses are stripped.

Now that I know how much the accountants and the department have been involved in this matter, I am rather critical of the kind of answers I was given. My first question was:

> What is the definition given by the Department of National Revenue (taxation division) to the procedure known colloquially amongst taxation accountants as "surplus strips"?

The answer was:

> There is no specific definition of the term "surplus strips".

There may not be any specific definition of the term "surplus strips" but it is quite obvious that Mr. Stikeman and Mr. Thorsteinsson know there are surplus strips. The answer went on to say:

> It is frequently used to refer to any procedures that have been followed for the purpose of transferring surpluses from corporations to their shareholders with a minimum of tax payment.

My second question was:

> What estimate does the department make of the number of surplus strips carried out in Canada in

1961 and 1962, and the estimated amount of money saved by the corporate taxpayers from going into the taxation revenue?

The answer was:

The department can make no estimate of the number entered into in 1961 and 1962. Most returns for 1962 have not yet been filed.

And this is the point I want to bring to the minister's attention:

As regards 1961, it is pointed out that usually no income is reported from these transactions, and that the department could not list them without first investigating to determine the facts of each case.

I want the minister to note that, because I was told by someone who has some experience in taxation matters that the scale of surplus strips in the last couple of years has become very high. I have been told that it was estimated as much as $500 million had been distributed. That, of course, was a guess made to me by someone familiar with taxation matters, but it is an indication of what is in one accountant's mind regarding the scale of the stripping.

My third question was:

Has the department considered appealing any surplus strip to the income tax appeal board and beyond in order to determine the legality of such a procedure?

The answer was—and this is what makes me wonder whether this legislation we have here is necessary:

The department will assess, and carry through to appeal if necessary, for all taxes payable under the provisions of the act.

In other words, judging from this answer the department is not particularly concerned.

My last question was:

If so, what sections of the Income Tax Act and its regulations are considered relevant to the matter?

The answer was:

The relevant sections of the Income Tax Act, depending on the various circumstances are sections 6, 8, 16, 21, 22, 27, 28, 67, 68, 81, 82, 85I, 105, 105A, 105B, 105C, 108, 137, 138.

In other words it is an awful big chunk of the Income Tax Act.

Out of this discussion of the problem, and the apparent fact that the tax foundation and certain tax accountants have been both concerned and very explicit on the nature of this business, and because of the fact that there has been some indication that four experts have investigated this as a result of a request by the Minister of Finance, I would like to know more from the minister about the temporary nature of this resolution. How will it really work in blocking this up, and is it going to raise or put in question the processes that have been developed—the kind of processes developed by Mr. Stikeman and Mr. Thorsteinsson as outlined in their papers?

If it is going to do this, then the question arises, why would these just be temporary measures? I would like to ask the minister whether he is considering what has been done in the past, that is, making in effect in law some kind of special dispensation at a special dispensation rate, so that you could have these one-shot dispensations of surpluses, say, at the rate of 10 per cent or 15 per cent? If it cannot be done that way—and I would like to know whether the minister has considered it—how does he plan to handle this particular problem of the accumulation of surpluses within corporations and the distaste for distributing them through the shareholders because of the imposition of taxation upon the individual? It seems to me that this is a very real problem. I am interested in it, if I could make a bow to the hon. member for St. Lawrence-St. George, because of the point he raised as to the philosophical question that is involved here, which is very intriguing, in the sense that he indicated there was a real philosophy in connection with pipe line companies. I wonder whether the minister could give us more on the philosophy here.

Mr. Gordon: Mr. Chairman, I would like to begin by saying that I doubt very much if Mr. Stikeman would like to be referred to as an accountant. He is a distinguished member of the legal profession and is not an accountant. I will not say any more about that. I believe the hon. member at one time enjoyed life as a librarian, and I can assure him that neither the accounting nor the legal profession are very similar to that of a librarian, and they are also very different as distinguished between themselves.

The hon. member referred to a report made to the minister of finance by four experts, and I would like to assure him that they were four experts employed by a former minister of finance. They did make a report on this general subject. I think he referred to the fact that the report was a secret one. I was asked if it might be made available to the Institute of Chartered Accountants of Ontario for them to study. I released it to them and made it public at the time, so there is nothing secret about it.

As to the way to deal with this problem, I think the best answer I can give to that question is that, as the hon. member will appreciate, the budget contained quite a number of provisions designed to plug loopholes. There were a whole lot of them and we will be dealing with them in the succeeding paragraphs of this resolution. One of the big

loopholes was this question of dividend stripping. I do not know where the term originated. I am informed that it originated in the United Kingdom, where I believe they go in for that sort of thing to a greater extent than perhaps we do here.

Mr. Fisher: Is that what the members who attended the NATO parliamentarians meeting in Paris saw last year?

Mr. Gordon: I was not on that trip, but I understand from some of those who were that there was none of that sort of thing there. As the hon. member pointed out in quoting Mr. Stikeman and his associates, there are a variety of ways in which surplus funds can be withdrawn from a corporation without attracting tax in the hands of the recipient. There are, as he pointed out, a whole series of sections in the act which in one way or another were designed to stop this. They have proved to be less than successful. It seemed to me that there was no simple answer. I certainly do not know the simple answer to this problem. On the other hand I did not feel that in introducing a series of measures to plug loopholes it would be very realistic unless we did something about this one. So pending the more detailed studies that the royal commission is engaged upon, it seemed to me that the only practical approach for the time being was to suggest to the house that the Minister of National Revenue be given authority to look through these complicated transactions to see if the net result was that money came out of a corporation and into the hands of a shareholder without the payment of tax. I do not like this way of doing things any more than anybody else does, but until we found a solution that will work, I thought it was better for me to recommend to the house that some action be taken, rather than just to let the thing go scot free for another year or another two years.

I have no doubt that the fact the minister will be given power to look through these transactions will put a stop to these things, even if there is an appeal. I think there should be an appeal; I thought that was a good suggestion, because after all one man's interpretation of a set of facts may be different from somebody else's. But as long as there is an appeal on the tax so that the general public is protected, it seems to me that the government revenue should also be protected; and this is a good way to provide that protection until such time as the people who have been asked to study this question in detail can come up with a solution, which may or may not prove to be satisfactory to hon. members.

Mr. Lambert: Mr. Chairman, there are one or two features about this question upon which I would like to comment. First of all, the minister did indicate that he thought the tax should not be retroactive. I think he will agree that it is.

Mr. Gordon: No.

Mr. Lambert: It is, in effect, to the point that the minister may examine any transaction where a payment may be effected. It says in paragraph 16(c):

> —which amount, in the opinion of the minister, was received by the taxpayer as part of a transaction or series of transactions whenever effected—

I cannot put any other connotation on that but that it predated June 13—

Mr. Gordon: Mr. Chairman, may I just answer the hon. member's question?

Mr. Lambert: Yes.

Mr. Gordon: I think that in reading the words the hon. member is entitled to interpret it that way. In my explanation I pointed out —I would like to repeat the words that I used—that, moreover, in the administration of this provision it is not intended to apply to cases where the series of transactions in question commenced prior to budget night. I wanted to put that on the record and to make it clear that it is not intended to make this provision retroactive.

Mr. Lambert: Yes, that is right.

Mr. Woolliams: Mr. Chairman, I just want to say something about the question of appeal. I was glad to hear the minister say it was a good suggestion, particularly because in this paragraph it says "in the opinion of the minister". There are two points I should like to raise with regard to a right of appeal. Supposing you do have a right of appeal? You can never really upset, on appeal, a discretion that has been properly exercised. That is difficult, unless it is spelled out in statute. I hope that goes in. There is a great deal of law on this subject. I have appeared before the appeal board and they have pointed out that if it is an administrative discretion properly exercised, it is difficult to upset. Therefore how can a taxpayer appearing before the appeal board or the exchequer court ever win an appeal before those tribunals that a discretion has been improperly exercised under paragraph 16, unless there is something in the law to this effect? The courts have never said there is anything wrong in law if somebody pays the least amount of tax possible. But I realize the minister is trying to plug the loophole and—

Mr. Gordon: Mr. Chairman, I wonder if the hon. member will allow me to interrupt him and draw his attention to paragraph 18, which deals with this matter.

Mr. Woolliams: I realize that, Mr. Chairman, but I still say it is a question of law. There is nothing to prevent anybody appearing before the appeal board; but it is very difficult to prove that an administrative discretion has been improperly exercised.

There is one other matter which makes it difficult. I think we should appreciate it is really not the discretion of the minister but of someone in his department. Some bureaucrat—and I use the word with respect—says that a file will be reviewed. A year or two passes and there is a four-year limitation. What has been done is legal but actually the law has been circumvented. As the hon. member for Port Arthur said, the tax has been cut down and in effect we are legislators unto ourselves. Even though parliament has created the law, in the opinion of a bureaucrat what you have done is to cut your tax position. The amount of tax which goes to the Department of National Revenue has been cut down and a reassessment is ordered with a view to more tax being paid. Not only in this section but all through the Income Tax Act you run into this problem. You cannot upset this discretion in an appeal court or in the exchequer court, as I have tried to do on many occasions.

Mr. Lambert: Mr. Chairman, I should like to anticipate the debate on section 18 with regard to the question of the opinion of the minister. This is one of the few areas in which there is a discretion under the Income Tax Act, one which I think historically we could go into at great length. After my connection of three years with the Department of National Revenue, which true enough was not as close as it might have been at times, nevertheless I have sufficient insight to know that discretion is the one thing which the minister does not want. If he has a discretion he is put under intolerable pressure. Be that as it may, no opportunity is given to those assessors to say: "Yes, you reduced your tax liability but we think you should not; therefore we are reassessing you". The minister will also readily understand that he will never appeal under section 18. The person who has a favourable ruling also will not appeal. Therefore only the taxpayer who is disappointed by a ruling or has what he considers an adverse ruling will appeal. The appeal is only to the exchequer court, not to the tax appeal board. I suggest to the hon. member that he is using a mallet to do the job of a tack hammer in many instances. Conversely there is a discouraging of appeals by forcing a taxpayer into the exchequer court. I would have preferred to do away entirely with the question of opinion. It may be administratively difficult to lay down the four corners of the rules governing dividend stripping, but I suggest to the minister that in the long run this would be preferable. Even if some people did slip through there is always the chance of coming back next year and plugging the holes.

There is an omnibus type of regulation here which I think goes against the principle of a great deal of the Income Tax Act. We should remember that the onus will be on the taxpayer to prove that the minister exercised his discretion in the wrong way. If the minister has appeared before the courts he will know that this is almost impossible to do, because the courts will not substitute their discretion for the discretion of an administrative official or the minister, provided the discretion has been lawfully exercised. With the greatest respect to the minister and the people who drafted this provision, I do not think the question of appeal means very much, and really the objections in this regard have not been met.

Mr. Gordon: I should like to say two things. First of all, you can let this thing go, but the government have decided that there are a lot of loopholes in the act which should be plugged. This is one of the most glaring ones. It is fine to say that we should nail down the four corners; but a few minutes ago, in answer to the hon. member for Port Arthur, I said that this was a highly complex issue. Governments have been trying to nail this one down for a long time, without success. If my hon. friend doubts me I would refer him to Mr. Stikeman's dissertations, to which the hon. member for Port Arthur referred. Or if he wants to get through one of these things I might refer him to Mr. Stikeman. It is hoped that the royal commission on taxation will come up with a formula which will deal with this subject. The question is, should we leave the gate open until then, or should we try and close it in this way—because I know of no other way to do it quickly—for the time being?

As far as appeal is concerned, with the greatest respect to the hon. member for Edmonton West, I think that when we come to section 18 he will see that the appeal provisions are much wider and cover much more than just an appeal against the discretion of the minister. I do not know whether I should discuss this now or wait until we get to it, but it is really intended to cover a lot more ground than the hon. member dealt with.

Mr. Woolliams: Would the minister consider this question; it is a suggestion as well as a question. This can be done in the United States, I believe, but not here. If the taxpayer were able to go to the officials of the

department and say: "If I move A, B, and C in business, will this be a capital gain or something else?" it might be clear. The trouble is that it is difficult to see whether businesses are taxable because of an honest movement to better the business and to make it more efficient. That is a problem which business runs into.

Mr. Gordon: Speaking personally, and only personally, I could not agree more with the hon. member. I should like to see the day when any taxpayer or businessman can go to the department and ask for a prospective ruling. I am not suggesting that at the moment because my hon. friend the Minister of National Revenue would point out to me that his department is badly understaffed and simply could not handle it. Perhaps the answer to it is to give him sufficient staff to deal with these matters in the way which has been suggested, but I am afraid that cannot be done right away. It takes trained and expert staff to handle these matters, and such people cannot be picked up off the street in a week or two.

Mr. Turner: Mr. Chairman, having received an invitation on philosophical grounds twice in one evening I find it difficult to resist confessing that I was rather disturbed to find the hon. member for Port Arthur could not remember the name of the constituency which I represent. Because in better days he knew that part of Montreal which I represent pretty well. It embraces, among other parts of the city, St. Catherine Street and St. Lawrence-Main where the strip is not entirely unknown.

Mr. Fisher: What about the Jacques Cartier bridge?

Mr. Turner: No, not quite the Jacques Cartier bridge. In any event, he invited me to provide some philosophical uplift to this debate. I would agree with the minister that this is a loophole which has to be closed, but as long as it remained a loophole in the Income Tax Act the taxpayer was entitled to take advantage of it, if you will, and to exercise his common law right, as expressed by a famous Scottish judge and member of the privy council at the turn of the century, a precept which is still accepted as part of the law of this country, namely that a man is entitled to arrange his affairs so as to involve himself in the least amount of tax. So that while that loophole existed the taxpayers of this country were quite legitimately exercising their common law right to reduce the amount of tax they had to pay to the department.

[Mr. Woolliams.]

On the subject introduced by the hon. member for Bow River and mentioned by the hon. member for Edmonton West, I would agree that before resolution 18 was added there might have been something in what he said. Had there been no provision for appeal in the resolution, a taxpayer would have been severely limited because the courts have held that where there is no provision for appeal a taxpayer cannot bypass a minister's discretion unless it has not been rightly exercised, or it has not been exercised honestly and fairly, or the principle of natural justice has not been brought into play. As the hon. member for Edmonton West knows, this is a virtually impossible task.

Now provision for appeal has been made in resolution 18 and there is to be a review of the minister's discretionary power. It may be that the wording of resolution 18 is narrow. It says there is an appeal to the exchequer court, but the court may vacate any discretion of the minister only where none of the purposes of the transaction was to effect a surplus strip. Since every corporate transaction has a number of purposes, the company will have to prove that none of them was for that purpose and it might be difficult for a shareholder or a taxpayer to provide such proof.

While I am on my feet—I notice this is the standard ploy for retaining the attention of the house, or the committee, for a further period, may I ask the minister this: in his opening statement he said that this resolution would not apply to any transaction which came into force prior to the night of the budget. Do I understand the hon. gentleman to mean that it applies to transactions executed or consumated before the budget date? What would be the situation if shares issued as a result of one of these transactions prior to the budget date were subsequently redeemed? If they came within the provisions of this resolution the resolution would, in effect, be a retroactive one.

The Deputy Chairman: Does that complete the discussion on paragraph 16?

Mr. Turner: I was wondering whether the minister would direct his attention to those points, then I would possibly wish to ask him another question.

Mr. Gordon: I do not particularly want to direct my attention to it. I do not think I have any more to say. This provision is not intended to be retroactive, which means it does not apply to any series of transactions which were commenced before budget night. It does mean that if there is anything more than a gleam in the girl's eye, it does apply.

Mr. Nowlan: How do they assess the gleam in a girl's eye?

Mr. Gordon: I am too old for that.

Mr. Turner: I must say, in answer to the hon. member for Digby-Annapolis-Kings, that the courts have been inquiring into the state of a man's digestion. The gleam in a girl's eye is just another step beyond that.

This provision applies to any redemption of preferred shares as a result of any bona fide reorganization, whether or not such a reorganization arises out of what is called dividend stripping. I suggest a distinction should be made between a transaction where preferred shares are issued to clear out past surpluses, where you do have what is known as a strip, and a preferred share situation which is built up in order to meet future earnings. The latter situation is a common one and is a standard move for a parent company to take income out of a subsidiary. I submit that this type of transaction should not be caught by the motive behind the resolution.

I believe the Department of National Revenue will be faced with serious problems in dealing with legitimate cases of estate planning where a man tries to pass his business into the hands of his family by setting up a holding company and issuing preferred shares as a consideration for the value of that business. This type of completely bona fide situation might well be caught by the wide drafting of the resolution as it stands at present. I therefore respectfully say to the minister and his officials that care must be taken to draw a line between perfectly legitimate mergers or corporate reorganization plans, and the type of situation which it is sought to combat. If the ordinary estate plan is caught, if the ordinary corporate reorganization is caught, if the ordinary family business is caught, the small town counsel mentioned by the hon. member for Perth, the small business man, are among those likely to be in difficulty. They do not have available to them the more sophisticated advice which may be found in the larger cities. We should be careful in drafting to protect the average small businessman or the family man arranging his business affairs, because these are the people who have recourse only to the type of local advice described by the hon. member for Port Arthur.

Mr. Nowlan: I think the committee owes something to the hon. member for St. Lawrence-St. George for having dealt with this situation as clearly as he has. I have been advised by lawyers who are dealing with these problems every day that in view of the possible meanings of this provision they cannot advise their clients to enter into any transaction of this kind in any circumstances unless they have had a declaration by the department that they would not be liable for tax. Some of us who have had dealings with the Department of National Revenue know how difficult it is to get a ruling in advance as to what may happen. Certainly we are dealing with a situation which is causing a great deal of concern to the learned fraternity, accountants and others. I appreciate the fact that the minister is attempting to deal with this situation and to deal with the criticism which was raised on an earlier occasion; but I wish to emphasize what has been said by the hon. member for St. Lawrence-St. George. There is a very real problem here, with respect, not to any of these huge corporations, though they might become involved, but with respect to ordinary Canadian citizens as well as citizens in the United States I am not sure when the bill is coming in, but I would hope the minister would arrange to delay its introduction until after the discussion on the resolution so that some modifications may possibly be made. I would hope that when the bill comes in there would be changes or some elasticity in the wording of it which would meet the criticism that has just been made.

Mr. Fisher: I should like to return to the question I have been trying to put, probably ineffectually, to the minister. Why does the minister not consider a means of gaining some revenue for the crown, maybe on a one shot basis, from this situation where so many of these corporations are being driven to this dividend stripping process? I notice that Mr. MacKay said in 1952:

> The government is therefore now facing a problem, long overdue, of finding some way to allow accumulated income on hand to be distributed without the imposition of such burdens of tax as the shareholders would be unwilling to pay.

He goes on to point out that this problem was met on a number of occasions in the past, in 1929, 1939 and 1949, when special provisions were made. It seems to me that this is the logic of an outsider looking at the situation. If you dam the loopholes the accumulation is likely to go on, and that is not going to attain the objective, which I assume would be in the minds of the taxation officials, of getting an opportunity to tax the revenue.

If this is the situation, then is there not some incentive that can be given to have these surpluses disbursed to the shareholders by some particular measure such as has been taken in the past?

Mr. Gordon: There is provision, of course, that under certain circumstances the surplus can be withdrawn upon payment of the 15

per cent tax which people are apparently unwilling to pay. That is one of the troubles. The provision is there and it does not apply in all cases, but to a large extent this stripping is to avoid the 15 per cent tax.

I think that the hon. member's point is very well taken and I would hope that the royal commission would come up with a solution perhaps along the line suggested by the hon. member. But in the meantime what should we do? Should we leave the loophole open or should we try to plug it until we find a solution? This is one of the things that the royal commission has been asked to do since this government came into power. I have had conversations with the chairman of the royal commission and have suggested to him that this is one of the things on which we would like an early study and an early recommendation. If I had been confident that we would get a recommendation within a very short time, perhaps it would have been better to leave this, but I do not think we can be certain of that. So it seemed to me that it was better to do something to plug this loophole for the time being, although I admit this is not an appropriate permanent solution. As I expect the hon. member knows, any company that pays a dividend of say 50 per cent of its earnings can distribute the other 50 per cent on payment of a 15 per cent tax, but that is something people do not want to pay.

The Deputy Chairman: Does this complete the discussion on paragraph 16?

Mr. Lambert: No, Mr. Chairman. I am wondering whether the minister considered proposing as an alternative the charging of a flat rate, say a 15 per cent levy. Thereby those people would carry out their intentions and we would also avoid some of the pitfalls which it would seem to be indicated may be engendered by the resolution, if it is not too well drafted.

Mr. Gordon: That might be a rough way of dealing with this thing. It may be the proposal that the royal commission may come up with, for all I know; but in this case anyway I thought it might be better to wait until I had the advice of the royal commission, and not make a snap decision of that kind which might appeal to the hon. member for Edmonton West but perhaps might prove to have some weaknesses in it.

Mr. Lambert: With the greatest respect, there was no snap decision. I would have thought that perhaps the snap decisions were those of other people, and that one should not get into those troubles.

The Deputy Chairman: Does this complete consideration of paragraph 16? Paragraph 17.

[Mr. Gordon.]

Mr. Gordon: Mr. Chairman, the next paragraph, which deals with associated companies, proposes that the Minister of National Revenue be given the authority to look at the arrangements where a company or an enterprise is split up into a number of companies in order to reduce its income tax. This is another measure to plug loopholes. The need for this amendment arises because the first $35,000 of taxable income of a company is taxed at only 21 per cent compared with a rate of 50 per cent, or 52 per cent in the case of Ontario and Quebec, on taxable incomes in excess of $35,000.

Because of this differential in rates a strong incentive is provided for companies to be split into many smaller companies, each having an income of $35,000 or less. This process has been developed and engaged in by a wide variety of people. It is a loophole. If there are eight or 10 companies that are clearly associated and each one's affairs are arranged in such a way that their profits come to less than $35,000, in the aggregate they only pay a 21 per cent tax, whereas if they were merged as they normally would be they would be paying a 52 per cent tax, or a 50 per cent tax in provinces other than Ontario and Quebec. This would seem to me like a pretty big loophole and there would be a fairly good argument for doing something about it. That is the purpose of this provision.

Mr. Monteith: Is not the determination of this matter made on the basis of whether or not the companies are at arm's length?

Mr. Lambert: There are two things I should like to say. First of all, I still have some objections with regard to a minister exercising his discretion in examining these companies to see whether there is in fact any association. Fundamentally, however, I have a much greater objection to the manner in which taxation is imposed so far as associated companies are concerned. This is no secret. It is not the first time I have expressed my opposition, and I think it arises fundamentally from the distinction between so-called small business and large business, with this wide difference in the level of taxation involving the two rates, 21 per cent and 50 per cent.

I think it would have been far better for the minister to take his courage in his hands and say: All right, we are going to tax at a rate of 18 per cent, 20 per cent or X per cent right across the board on all corporate profits, but then have a rather heavy rate of taxation on withdrawals in the form of dividends, and so on, together with appropriate incentives, on the other hand, to loosen up surplus accounts.

To my mind there is a case for the grouping together of associated companies. The government is simply saying these are various departments of one large business, so let us treat them all as an entity. I do not know what the situation is like in central Canada but I do know that in western Canada this type of taxation has done a great deal to deter equity investment by an individual who takes a portion of a company by associating himself with local capital and local management, and encouraging it. I know of any number of companies which went into a city or town and enlisted local capital with local management to give that incentive of local interest.

Frankly, under this provision it is becoming more and more difficult to do this because everything is deemed to be in the hands of the principal company or the principal investor. I would suggest to the minister that we are taking a retrograde step with regard to this type of taxation, and the sooner we get out of it the better off we will be. I am quite opposed to this idea.

Mr. Gordon: May I ask a question? Would the hon. member think it would be proper to tax all companies at the 50 per cent level? Is that what he wants?

Mr. Lambert: No, not at the 50 per cent rate; I think that is strictly punitive taxation. I would have thought it would be preferable to tax them at some lower rate, and then tax the withdrawal at a much higher rate so that you leave the capital. This, I think, would be an incentive to Canadian capital to build up within the corporation. Frankly, this way we are driving available capital out of our corporate structure. It was for the purpose of allowing smaller corporations to develop and build up that we instituted this lower rate of 21 per cent. This was certainly stated to be the purpose of it. I think we are defeating that purpose now by this business of association.

I reiterate my opposition to it, and I feel that there is a discretion. I do not believe the appeal provision is satisfactory. The onus is still on the taxpayer who has an adverse ruling to take the minister to the exchequer court, and in the case of a small company this is not a light burden.

Mr. Francis: I understand that by legislation effective January, 1963, a number of companies have been deemed to be associated and some dissociated. Does the minister intend to respect the decisions that have been made concerning associated and dissociated companies?

My second question is, does the minister intend to give any consideration to the fact that some of these companies may be engaged in different types of activities that, in effect, two companies may have very different purposes and be in very different types of business, and will that have anything to do with the decision that might be made?

Mr. Gordon: Well, in answer to the hon. member's question, the fact that companies have not been deemed to be associated in the past may have nothing to do with the fact that they are associated now.

Mr. Lambert: If in the past the treasury has deemed two or three companies are not associated, and the agreements they have had have been accepted, can the minister now review them?

Mr. Gordon: In the past an assessor had no right to say any such thing.

Mr. Lambert: There were certain regulations in respect of associated companies. Certainly, scores and scores of agreements were made in legal offices throughout the country whereby you worked around your shareholdings so you did not have associated companies within the meaning of the regulations as they stood prior to June 13. Now, if those agreements have been accepted by the Department of National Revenue as not being caught by the net, are they now going to be subject to review by the minister who says: Oh yes, I think they really are and that the true intent is they are associated companies and therefore subject to tax?

Mr. Leboe: Mr. Chairman, I should like to ask the minister a question. Does he make any differentiation between a company that is splitting up its holdings into various companies and a company that is expanding by virtue of the proprietor saying that he will take out the dividends from his stock and take this money out of the company. Then, he puts this money into a new company, a completely separate entity. I think there is a vast difference between splitting up a company for the purpose of avoiding tax and a person taking his money or his profits out of a company and then putting it into a new company. He will become a major shareholder in both companies, but the intentions are vastly different because he is actually expanding the economy, whereas in the other case there is a division of companies to avoid the payment of tax.

Mr. Gordon: I think we should get back to the original intention when this lower rate of taxation was introduced. The purpose was to help the small businessman, the retailer or small processor, with relatively small profits.

I think, originally, the ceiling was set at $25,000, or it may have been $20,000. Then, a year or two ago it was changed to $35,000. The purpose was to assist the smaller businessman by providing a lower rate of taxation than was provided for the larger corporations. The purpose was to help the smaller businessman, not the man who had a lot of capital or the investor in either one large corporation or a series of corporations.

I think the point has been made that when you have this wide differential in rate of taxation, 21 per cent as against 50 per cent, naturally that difference is an encouragement to people to try to get around it. Perhaps there is something to be said for the hon. member's suggestion that there should be a uniform rate of taxation, but it certainly is not a suggestion that would appeal to the small businessman in this country.

Mr. Monteith: If it is lower than 21 per cent?

Mr. Gordon: I would remind hon. members it is fairly difficult to get revenues. I do not think if you levelled up the 21 per cent to a higher rate it would really mean that the 50 per cent rate could be reduced appreciably. I could find out.

Mr. Monteith: You would need a terrific amount of research and statistics to ascertain that.

Mr. Gordon: I think we have the statistics. Here, we have a choice it seems to me of raising the tax for the small businesses in the country that are incorporated or, alternatively, trying to do something about people who are essentially getting around this provision. This is the purpose of this resolution.

Mr. Leboe: Perhaps I am a little thick between the ears, but I do not understand this. We want to expand industry. In my proposition I am not considering the man who establishes a subsidiary company. This is one thing. I am considering an individual who has earnings from a particular company, which is separate from the corporation, and who takes his money out of that corporation. Then he pays his tax on the money he takes out, but he reinvests that money in, say, an apartment block. The question I am interested in is whether this man, if he reinvests in some other enterprise, is going to be on the same plane as a corporation that has a subsidiary? I do not think he should be, and there should be a difference.

Mr. Gordon: I think the hon. member's example represents a small businessman who is no longer a small businessman. He is two or three small businessmen. I do not think there is any perfection in this, but I suspect that this man was not the person for whom this lower rate of tax was designed. He is a graduate from that.

Mr. Leboe: I thank the minister, but what I am after here is that a corporation which divides a company for the avoidance of tax is in a different position from a person who takes his savings out and establishes a new company.

The Deputy Chairman: Order. Shall I rise, report progress and ask leave to sit again at the next sitting of the house?

Some hon. Members: Agreed.

Progress reported.

THE ROYAL ASSENT

A message was delivered by Major C. R. Lamoureux, Gentleman Usher of the Black Rod, as follows:

Mr. Speaker, the Honourable the Deputy Governor General desires the immediate attendance of this honourable house in the chamber of the honourable the Senate.

Accordingly, Mr. Speaker with the house went up to the Senate chamber.

And being returned:

Mr. Speaker informed the house that the Deputy Governor General had been pleased to give, in Her Majesty's name, the royal assent to the following bills:

An act respecting the Department of Industry.

An act to amend the Export and Import Permits Act.

An act respecting Canada Permanent Toronto General Trust Company.

An act respecting Confederation Life Association.

An act respecting The Great-West Life Assurance Company.

An act respecting Chartered Trust Company.

An act to incorporate Baptist Convention of Ontario and Quebec.

An act respecting The Canada Board of American Missions of The United Lutheran Church in America.

An act respecting The Evangelical Lutheran Synod of Canada.

An act respecting The Evangelical Lutheran Synod of Western Canada.

An act to incorporate Fidelity Mortgage and Savings Corporation.

An act respecting General Mortgage Service Corporation of Canada.

An act respecting Quebec Fire Assurance Company.

An act to incorporate Standard Trust Company.

An act to incorporate Ukrainian Canadian Foundation of Taras Shevchenko.

An act to incorporate The Union of Slavic Churches of Evangelical Christians and Slavic Baptists of Canada.

An act for approving certain expenditures authorized for the public service, and the application of certain amounts in the accounts, for the financial year ended the 31st March, 1963.

BUSINESS OF THE HOUSE

Mr. Churchill: I should like to ask the acting house leader if he has any profound changes in the business for tomorrow?

Mr. Garland: No, Mr. Speaker, no profound changes, simply the business indicated by the house leader on Friday last. We will proceed with the budget resolutions and then the bills.

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

APPENDIX

STATEMENT AGREED ON 21ST JULY, 1963 BETWEEN REPRESENTATIVES OF CANADA AND THE UNITED STATES

Representatives of Canada and the United States met during the week end to appraise the impact on the Canadian financial markets of the proposed United States interest equalization tax.

The two governments recognized the need for effective action to improve the balance of payments position of both countries and are both equally determined that such action shall not impair the intimate economic relationships between the two countries, nor impede the growth essential for both economies.

For many years the capital markets of the two countries have been closely interconnected, and United States exports of capital to Canada have financed a substantial portion of the Canadian current account deficit with the U.S. This need continues. A portion of these flows must be supplied through the sale of new issues of Canadian securities in American markets. U.S. officials had considered that ample flows for these needs would continue under the proposed interest equalization tax. However, Canadian representatives stated that this would require a very substantial rise in the entire Canadian interest rate structure. It was recognized by both governments that such a development would be undesirable in present economic circumstances.

In the light of this situation U.S. officials agreed that the draft legislation to be submitted to the congress would include a provision authorizing a procedure under which the President could modify the application of the tax by the establishment from time to time of exemptions, which he could make either unlimited or limited in amount. The President would thus have the flexibility to permit tax free purchases of new issues needed to maintain the unimpeded flow of trade and payments between the two countries, and to take care of exceptional situations that might arise in the case of other countries. U.S. officials made clear that this did not modify their proposals regarding the taxation of transactions in outstanding securities; over the past year such transactions between Canada and the U.S. have not been a major factor.

The Canadian authorities stated that it would not be the desire or intention of Canada to increase her foreign exchange reserves through the proceeds of borrowings in the United States, and it is the hope and expectation of both governments that by maintaining close consultation it will prove possible in practice to have an unlimited exemption for Canada without adverse effect on the United States.

It was agreed that active consultations would continue to strengthen the close economic relations between the two countries and at the same time facilitate measures for making the maximum practicable contributions to economic expansion and the strength and stability of both currencies.

HOUSE OF COMMONS

Tuesday, July 23, 1963

The house met at 2.30 p.m.

MISCELLANEOUS PRIVATE BILLS

Sixth report of standing committee on miscellaneous private bills—Mr. Wahn.

EXTERNAL AFFAIRS

LAOS—TABLING OF MAJORITY REPORTS OF INTERNATIONAL COMMISSION

Hon. Paul Martin (Secretary of State for External Affairs): One year ago today, on July 23, 1962, an international agreement on the Laotian question was signed at Geneva. The 13 governments whose representatives signed that agreement solemnly declared that they would "respect and observe in every way the sovereignty, independence, neutrality, unity and territorial integrity" of the kingdom of Laos.

Unfortunately during the past year there has not been much progress in that direction. The administration and armed forces of Laos have not been integrated. The country remains divided and there has been a renewal, on a limited scale, of fighting. The international commission of which Canada, India and Poland are members, has not been allowed to circulate freely through the country in order to supervise the implementation of the agreement.

However, the international commission has made a number of limited investigations and on May 17, 1963, three majority reports were submitted by the Canadian and Indian commissioners, the Polish commissioner having declined to associate himself with them. In accordance with the Geneva protocol these reports are strictly factual, but from a reading of them it is quite clear that the Pathet Lao and their dissident neutralist allies are responsible for the recent deterioration of the situation in Laos.

I wish to table copies of these three reports numbered 22, 23 and 24. Canada will of course continue, as a member of the commission, to strive for Laotian unity and neutrality, the objectives of the Geneva agreement of 1962.

Mr. Speaker: Does the house consent to the tabling of these reports?

Some hon. Members: Agreed.

28902-5—159½

FINANCE

INQUIRIES RESPECTING U.S. MODIFICATION OF TAX IMPOSED

On the orders of the day:

Right Hon. J. G. Diefenbaker (Leader of the Opposition): I would like to direct a question to the Prime Minister in connection with the discussions which took place in Washington either on Friday or on Saturday between the representatives of Canada and the United States regarding the financial payments question of the United States and the action being taken thereon.

While the communique makes no reference to this, is it a fact that the Canadian representatives agreed to strive for a modest decline in the Canadian interest rate as one of the conditions basic and precedent to the arrangements which were entered upon?

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, I think I will ask the Minister of Finance to answer that question. He is more familiar with the details of the discussions than I am.

Hon. Walter L. Gordon (Minister of Finance): Mr. Speaker, I think the right hon. gentleman may have had reference to a press report during the morning respecting a statement that Secretary of the Treasury Dillon is reputed to have made before a congressional committee today. I do not think it was clear from the reports that came over the wires just what Secretary Dillon actually did say or in what context, but I can assure the right hon. gentleman that there was no undertaking by the Canadian representatives in the connection about which he has inquired.

In the course of the discussions in Washington, the Canadian representatives explained that Canadian monetary policy had been directed to encouraging credit conditions which would favour domestic economic expansion and employment while maintaining the international balance and stability of the Canadian dollar. What they did say and emphasize was that the imposition of the proposed tax on Canada would have resulted in a substantially higher level of interest rates in Canada, which it was obviously desired to avoid in present economic circumstances. But they did not make any

definite statements, as suggested in these press reports, that Canada would be looking toward a lower rate of interest.

Mr. Diefenbaker: Mr. Speaker, may I also ask the Minister of Finance whether the report in the New York *Times* is correct to the effect that on Friday the Bank of Canada was forced to purchase $250 million in Canadian dollars to stabilize our dollar at the rate of 92.5 cents in relation to United States currency?

Mr. Gordon: Mr. Speaker, it is not customary and I am not even sure if it is proper to announce the particular transactions on any particular day that have taken place in the exchange fund, but I can assure the right hon. gentleman that the report is highly exaggerated.

Mr. H. A. Olson (Medicine Hat): I have a supplementary question, Mr. Speaker, with respect to the negotiations held over the week end between Canadian and United States officials. Did these negotiations reveal whether the United States has a plan of administration to overcome the administrative difficulties that caused the withdrawal of the stock sales or transaction tax here?

Mr. Gordon: I do not think this particular question was discussed over the week end, certainly not in any serious way, although I think it is fair to comment that at least some of the difficulties that were encountered in connection with the proposed take-over tax in Canada will probably be encountered in connection with the United States tax. I do not think it would be appropriate for me to say any more than that, but there certainly will be difficulties.

Mr. T. C. Douglas (Burnaby-Coquitlam): Was there any *quid pro quo* concession made to the United States government in return for giving Canada a certain exemption under their foreign security tax?

Mr. Gordon: No, Mr. Speaker. There were no arrangements or agreements or conditions or undertakings that were not set out in the joint communique.

Mr. G. H. Aiken (Parry Sound-Muskoka): I have a supplementary question for the Minister of Finance in connection with the exemption. Was the President's power of exemption of general application to all 22 countries, or was it applicable to Canada only?

Mr. Gordon: Well, Mr. Speaker, the reference to this in the communique was that the United States officials agreed that draft legislation to be submitted would include this provision. There was a reference later to the hope and expectation of both governments that by the maintenance of close consultation it will prove possible in practice to have an unlimited exemption for Canada without adverse effect on the United States. I do not think there is any question of this being done for Canada, but just what form the legislation will take I am not sure, because I have not seen it.

SPECIAL ASSISTANTS—CERTIFICATE OF DEPUTY MINISTER

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, may I ask the Minister of Finance if he is yet in a position to answer my question of yesterday regarding the certificates required under section 32 of the Financial Administration Act before payment is made for work done under a service contract?

Hon. Walter L. Gordon (Minister of Finance): I am not yet in a position to answer that question. It referred among other things to certain actions by the deputy minister, and I would wish to consult him before giving an answer.

EXTERNAL AFFAIRS

NUCLEAR TEST BAN—REQUEST FOR REPORT ON MOSCOW CONFERENCE

On the orders of the day:

Mr. T. C. Douglas (Burnaby-Coquitlam): May I direct a question to the Secretary of State for External Affairs. Will he give the house a progress report on the test ban negotiations that are now proceeding in Moscow?

Hon. Paul Martin (Secretary of State for External Affairs): The house will recall that the hon. member for Medicine Hat asked a somewhat similar question yesterday. I said I hoped, perhaps today or later this week, to make a statement. I do not believe I can add anything to what I said last week in a tentative way with regard to the discussions that were then taking place, and which, as of this date, continue.

I can say now, however, that there is every reason to believe that great progress has been made with regard to a test ban in the three environments. I hope before the end of the week to be able to say something more concrete arising out of what I hope will be a satisfactory conclusion reached in Moscow.

STATEMENT RESPECTING FISHING WITHIN 12 MILE ZONE

On the orders of the day:

Hon. Paul Martin (Secretary of State for External Affairs): On Friday the hon. member for Okanagan Boundary asked me if nationals from other countries are still fishing within the 12 mile limit off Canada's coasts, according to historic rights. I now wish to make a reply as I promised.

Nationals from other countries are still fishing within the 12 mile limit off Canada's coasts. It will be recalled that the Prime Minister announced in this house on June 4 that the proposed 12 mile exclusive fisheries zone would be established as of mid May 1964. It is possible that some nationals from other countries contend that they are fishing within 12 miles of Canada's coasts in accordance with historic rights. It will be recalled that in the Prime Minister's statement he said that the government recognizes that the establishment of a 12 mile exclusive fisheries zone and the implementation of the straight base line system may necessarily have implications for other countries which have treaty fishing rights or claims to historic fishing rights off Canada's shores. Any action taken by Canada on these matters will take into consideration the interests of the countries thus affected.

ARTS, LETTERS AND SCIENCES

PERSONNEL OF ROYAL COMMISSION ON BICULTURALISM

On the orders of the day:

Mr. Barry Mather (New Westminster): I have a question I should like to direct to the Prime Minister. Having in mind that yesterday the Prime Minister announced the appointment of an excellent commission on the subject of biculturalism whose members come from the maritimes, the two central provinces and the prairies, will the government not consider taking a second look at completing the regional representation on this commission by appointing a member from British Columbia?

Right Hon. L. B. Pearson (Prime Minister): It would, of course, be impossible to have every province represented on the commission as well as all ethnic—

Some hon. Members: Why?

Mr. Pearson: —as well as all ethnic and racial groups, without the commission acquiring a size which would make its operation unwieldy. In so far as a particular representative from British Columbia is concerned, I shall be glad to consider the matter in the light of the hon. gentleman's question.

(Translation):

On the orders of the day:

Mr. L. J. Pigeon (Joliette-l'Assomption-Montcalm): Mr. Speaker, I should like to put a question to the Prime Minister. With regard to the announcement concerning the inquiry on biculturalism, can the Prime Minister tell the house whether the members of the commission will work on a full time basis, and what will the remuneration of the members and co-chairmen be?

(Text):

Mr. Pearson: Mr. Speaker, I cannot say whether all the commissioners will be occupied full time with the commission, but they will give all the time necessary, I am sure, for the discharge of this important duty.

(Translation):

INFORMATION REPORTEDLY GIVEN TO "TIME" MAGAZINE

On the orders of the day:

Mr. Heward Grafftey (Brome-Missisquoi): Mr. Speaker, I wish to direct a question to the President of the Privy Council.

With respect to the publication in *Time* magazine of details concerning the royal commission on biculturalism, can the President of the Privy Council explain why such information was given to *Time* magazine before being given to House of Commons or to Canadian journalists?

Hon. Maurice Lamontagne (President of the Privy Council): Mr. Speaker, I have not read the report published in *Time* magazine.

(Text):

[*Later:*]

Mr. Reynold Rapp (Humboldt-Melfort-Tisdale): Mr. Speaker, I should like to direct a question to the Prime Minister. When the Prime Minister announced yesterday the names of the members of the commission on biculturalism and bilingualism it was noticeable that there were only two members of European ethnic origin included—

Some hon. Members: Oh, oh.

Mr. Speaker: Order, please. Would the hon. member please state his question.

Mr. Rapp: Would the Prime Minister not give consideration to increasing the membership of the commission so as to have representatives from some of the larger ethnic groups in Canada? This would not only make the commission—

Some hon. Members: Order.

Mr. Rapp: Mr. Speaker, on a point of order, I have never shouted down anyone in this house as long as I have been here. Every time I ask a question, a proper question, I hear shouts and I am not in a position

to bring my question to the attention of the minister. Would you please give me an opportunity, Mr. Speaker, to finish my question? I continue. This would not only make the commission a truly Canadian one but it would also have more appropriate representation.

Mr. Pearson: Mr. Speaker, if all the larger ethnic groups were represented I am afraid the commission might be unwieldy in size to do the job efficiently that it is meant to do for all Canadians.

Mr. R. N. Thompson (Red Deer): Mr. Speaker, may I direct a question to the Prime Minister. I notice from order in council No. 1106 dated July 19, 1963 that provision is made for the position of chief executive officer to the royal commission on bilingualism and biculturalism, and the co-chairman, Andre Laurendeau, has been appointed to this post. I would ask what are the duties of a chief executive officer on such a royal commission?

Mr. Pearson: Mr. Speaker, it has been felt that in a commission of this kind, of this importance and size, one of the members should have the administrative responsibility for the commission as one of the co-chairmen. That will be the main duty of the chief executive officer, to be in charge of the administrative activities of the commission.

(Translation):

DOMINION-PROVINCIAL CONFERENCE

INQUIRY AS TO MEETING WITH PREMIER LESAGE

On the orders of the day:

Hon. Paul Martineau (Pontiac-Temiscamingue): Mr. Speaker, I wish to direct a question to the Minister of Justice. Can the minister tell whether during the conference he and some of his colleagues had over the week end with Mr. Lesage in Quebec city, the setting up of a permanent organization for federal-provincial co-operation was mentioned, for instance a secretariat?

Hon. Lionel Chevrier (Minister of Justice): Mr. Speaker, the answer is no, because the discussions were of a private character.

(Text):

LABOUR CONDITIONS

GREAT LAKES—DELAY IN LOADING CANADIAN SHIP AT CHICAGO

On the orders of the day:

Mr. R. N. Thompson (Red Deer): Mr. Speaker, may I direct a question to the Secretary of State for External Affairs. Is the government planning further action to free the Canadian ship which continues to be boycotted in the port of Chicago, where she has been stranded for more than 80 days?

Hon. Paul Martin (Secretary of State for External Affairs): Mr. Speaker, I shall turn that question over to the Minister of Labour.

Hon. A. J. MacEachen (Minister of Labour): Mr. Speaker, in reply to the question of the hon. gentleman I think it is inaccurate to use the words "to free the ship", because this ship is not imprisoned in the port of Chicago. It is true that the ship has gone there to be loaded and that the union has refused to load it.

As the hon. gentleman may know, as a result of what I consider to be extraordinary assistance from the justice department and the labour department of the United States, the Chicago court did issue an injunction which would have had the effect of ordering the affected union members to load the ship. However, the fact is that the union members refused to obey the injunction, and about three weeks ago, as a further legal step, the national labour relations board attempted to lay the foundation for contempt proceedings against the union members. As a result of legal difficulties that action was quashed, however, and no further legal action was taken on this particular legal injunction until today.

The Canadian government has made quite frequent representations to the United States authorities and has sought the co-operation of these authorities, particularly with respect to the port situation in Chicago, which is very difficult. I might add that this particular problem of the *Howard L. Shaw* appears to be a symbol of the general problem now engaging the attention of the government as a result of the Norris report.

Mr. Thompson: As a supplementary question, does the minister not regard this as a matter of extreme importance, in view of the fact that the ship is running out of coal and the members of the crew cannot even get water or food delivered on the ship?

Mr. MacEachen: It is serious, Mr. Speaker, because I understand that the owners of the ship must make a decision within the next day or so as to whether they ought to take the ship out of that port because of a shortage of coal. My information is that the ship cannot take on coal because of the refusal on the part of the people who load the ship. However, I have not been told anything about lack of food or water for the crew members.

Mr. Thompson: As a further supplementary question, Mr. Speaker—I had intended to ask this as a separate question but it relates

directly to this problem. In its review of the Norris report recommendations and the continuing urgent situation regarding great lakes shipping, is the government considering legislation which would require trade unions operating in Canada to have their head offices in Canada, that their elected officers be Canadians, and that their assets be retained in this country?

Mr. MacEachen: The Canadian government has not undertaken any examination of this larger problem of controlling Canadian unions beyond consideration of what action might be taken to deal with the rather extraordinary situation that now prevails in great lakes shipping.

Hon. Michael Starr (Ontario): Mr. Speaker, I would like to ask the Minister of Labour a supplementary question with respect to this very important matter. Would the minister ask the secretary of labour of the United States to hold a joint meeting with him as quickly as possible, and when that joint meeting is held would he impress upon the United States government the necessity of taking more positive action than has been taken up until now to end the harassment of Canadian ships in United States ports?

Some hon. Members: Hear, hear.

Mr. MacEachen: Mr. Speaker, at present arrangements are being made to convene a meeting with the secretary of labour of the United States as quickly as possible and as the opportune time arises. The Canadian government has attempted to secure, and I think successfully, the co-operation of the United States authorities. But as the United States authorities state, they must operate within their own law as it applies to this particular situation in Chicago.

Mr. T. C. Douglas (Burnaby-Coquitlam): Mr. Speaker, I have a supplementary question. May I ask the Minister of Labour how soon he expects to be able to bring down measures designed to implement the recommendations of the Norris commission.

Mr. MacEachen: Mr. Speaker, I should like to tell my hon. friend that at present the interdepartmental committee is meeting regularly to consider the report. I expect that very soon a preliminary report will be made to me, which I will bring to the government for consideration as quickly as possible.

(Translation):

THREATENED STRIKE ON U.S. RAILROADS

On the orders of the day:

Mr. Raymond Langlois (Megantic): Mr. Speaker, my question is directed to the Minister of Transport. It deals with an article published in *La Presse* on Monday, July 22, 1963, about the possibility of a railroad strike in the United States.

Has the government taken any measure with regard to this possible strike that would affect Canadian railway lines running through the United States?

(Text):

Hon. G. J. McIlraith (Minister of Transport): Mr. Speaker, I would prefer to take that question as notice.

(Translation):

UNEMPLOYMENT—GOVERNMENT ACTION TO IMPROVE

On the orders of the day:

Hon. Theogene Ricard (St. Hyacinthe-Bagot): Mr. Speaker, I should like to direct a question to the Minister of Labour.

In view of the increasing number of unemployed in Canada, and especially in the province of Quebec, can the minister tell the house whether the government intends to take definite actions to correct this alarming situation?

(Text):

Hon. A. J. MacEachen (Minister of Labour): Mr. Speaker, on June 10 I made a statement to the house with respect to special employment and manpower development programs. These programs will be prosecuted vigorously by the government. At present a number of those programs are under examination, which will allow us to announce, I hope at an early date, regulations applying to them.

Mr. Ricard: A supplementary question. Can the minister assure the house that these programs will be ready for next winter?

Mr. MacEachen: Mr. Speaker, the purpose in making the announcement at such an early date, earlier than ever before, was to make it possible to have these programs available and ready for implementation long before the onset of seasonally high winter unemployment.

Hon. Michael Starr (Ontario): Mr. Speaker, a supplementary question. Is it not a fact that seven of the nine programs announced were put into effect by the former government and are still in existence now?

Mr. MacEachen: Mr. Speaker, that is what one would call a provocative question.

Mr. Raymond Langlois (Megantic): Mr. Speaker, I have a question for the Minister of Labour concerning the answer which he gave a while ago. Is the government intending to apply as quickly as possible some of the recommendations made in the Gill report on unemployment across Canada at the moment?

Inquiries of the Ministry

Mr. MacEachen: The principal recommendations of the Gill committee report have to do with far reaching changes in the method of applying unemployment insurance. These recommendations are presently under consideration. They are not intended, in themselves, to deal with the problems referred to in the previous questions. I might add, however, that one or two recommendations of the Gill committee are under immediate consideration and it may be possible to make an announcement at an early date with respect to those.

(Translation):

PUBLIC SERVICE

GLASSCO COMMISSION—IMPLEMENTATION OF THERRIEN REPORT

On the orders of the day:

Mr. Gilles Gregoire (Lapointe): Mr. Speaker, I should like to direct a question to the President of the Privy Council. Can he tell us if the special committee set up within the cabinet to apply the recommendations of the Therrien report will continue its work? Can he tell us also whether steps have actually been taken concerning the implementation of the Therrien report?

Hon. Maurice Lamontagne (President of the Privy Council): Mr. Speaker, twice already I have informed the house that a special committee of the cabinet had been set up for that purpose, that it was pursuing its work, that it intended to go far beyond the recommendations of the Therrien report and that, by September, we hope to have a general plan which could be applied by stages in our country.

(Text):

WORLD FAIR

APPOINTMENT TO FILL VACANCY ON BOARD OF DIRECTORS

On the orders of the day:

Mr. D. G. Hahn (Broadview): Mr. Speaker, I have a question for the right hon. Prime Minister. I would like to ask him when the vacancy on the board of directors of the Montreal world fair is going to be filled.

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, it will be filled very shortly, within a day or two, by the appointment of Hon. George Hees.

(Translation):

Mr. L. J. Pigeon (Joliette-L'Assomption-Montcalm): Mr. Speaker, I should like to direct a question to the Minister of Public Works. Can he inform us whether it is true that Mayor Jean Drapeau, of Montreal, intends to inaugurate by an official ceremony the start of work on the Montreal world fair?

Hon. J. P. Deschatelets (Minister of Public Works): Mr. Speaker, I think I can answer this question in the affirmative. The ceremony will take place on a date that remains to be decided upon.

(Text):

PENSIONS

INQUIRY AS TO FURTHER CONSIDERATION OF RESOLUTION

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, may I direct a question to the Secretary of State. Has the Secretary of State yet had an opportunity to consult his colleagues as he promised he would, about the possibility of again bringing before the house before the summer recess the resolution regarding the Canada pension plan? If so, can he say whether this resolution will again be before us shortly?

Hon. J. W. Pickersgill (Secretary of State): Mr. Speaker, it is quite correct that I gave such an undertaking to the house, but the hon. gentleman will remember that I gave it in a certain context. It did not seem to me that until the meeting with the premiers had taken place I could have very useful consultation with my colleagues. As soon as that meeting has been concluded I will have the consultation I promised.

Mr. Knowles: A supplementary question, Mr. Speaker. Can the Secretary of State as house leader tell us where we can get extra stenographic help to answer all the letters we are getting from disappointed old age pensioners?

Mr. Pickersgill: If the hon. gentleman is getting the same number of letters as I am, he will find the existing staff can deal with them. I believe the public generally are quite convinced of the sincerity of the government and need no further reassurance.

POWER

COLUMBIA RIVER—REPORTED ACTIVITIES OF U.S. HYDRO ENGINEER

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, I wish to address to the Minister of Northern Affairs and National Resources a question of national significance based on local incidents. In view of the fact that Dr.

Krutilla, a well known United States hydro engineer, and a representative of the B.C. hydro authority under the sponsorship of Dr. Keenleyside have been visiting Arrow lakes points trying to persuade local residents that the proposed draft Columbia river treaty will be of great advantage to Canada and to them, would the minister inform the house whether Dr. Krutilla's intervention in Canadian affairs has the blessing and approval of the government of Canada?

Hon. Arthur Laing (Minister of Northern Affairs and National Resources): Mr. Speaker, I think this question involves the conveyance to the house by the hon. member of further information concerning the Columbia river treaty. I must admit that much of the information the hon. member has brought to us so far has been authentic. As of this moment I have no knowledge whether Dr. Krutilla is in Canada; therefore I do not know what he is saying or whether he is saying anything. Further than that, I might remind the hon. member, that if that gentleman should be in the employ of the province of British Columbia I would not be disposed to agree that he is intervening in Canadian affairs, because that government and other governments and individuals have brought in authorities from outside. However, I will endeavour to obtain some information for the hon. member and try to let him know tomorrow.

TRADE

WHEAT—INQUIRY AS TO NEGOTIATIONS WITH RED CHINA

On the orders of the day:

Mr. J. H. Horner (Acadia): Mr. Speaker, I should like to direct a question to the Minister of Trade and Commerce. Can the minister bring the house up to date on the proposed wheat sale to China, which some time ago was being finalized and which means so much to western Canada? Can he assure the house that the wheat board is being given all necessary credit in order to finalize this deal, because of its very necessity in view of the large crop in western Canada?

Hon. Mitchell Sharp (Minister of Trade and Commerce): I am not sure now what the question was, Mr. Speaker, but I can assure the hon. member that negotiations are proceeding in what I consider the normal way and I am getting regular reports. I have never at any time suggested that these negotiations were not going to be very difficult, because they are; but I am hoping that shortly—I do not know when it will be because it depends on when the Chinese and the wheat board conclude their negotiations—I will be able to make an announcement in this house.

INCOME TAX

QUEBEC—REPORTED DELAY IN MAKING REFUNDS

On the orders of the day:

Mr. Gilles Gregoire (Lapointe): I wish to address a question to the Minister of National Revenue. Can the minister take steps to correct the situation existing, especially in the districts of Saguenay and lake St. John, concerning delays in making refunds of income tax in those areas?

Hon. J. R. Garland (Minister of National Revenue): All the action which can be taken has been taken, but I should be glad to bring the hon. member's question to the attention of our officials. If the hon. member has any specific case in mind I would be glad to deal with it.

TRANSPORT

USE OF DEPARTMENTAL PLANE FOR TRIP TO QUEBEC

On the orders of the day:

Mr. G. H. Aiken (Parry Sound-Muskoka): May I ask the Minister of Transport whether he authorized the use of a Department of Transport aircraft last week end by some of his colleagues to make a trip of a private nature to Quebec?

Hon. G. J. McIlraith (Minister of Transport): It was not of a private nature.

Mr. Aiken: I did not hear the reply the minister made.

Mr. McIlraith: It will be printed in *Hansard.*

Hon. Paul Martineau (Pontiac-Temiscamingue): On a point of order, Mr. Speaker, a few minutes ago, in answer to a question by my hon. friend from Parry Sound-Muskoka, I distinctly heard the Minister of Transport say something, but his reply was not loud enough to be heard by most hon. members. He was asked by the hon. member for Parry Sound-Muskoka if he would repeat his answer, but again there was no audible reply. So I suggest with all deference to the minister that he be courteous enough to repeat his original answer.

Mr. McIlraith: On the point of order, we have a situation here where the hon. member put a question without notice, but to which nevertheless I gave a clear and definite answer.

Some hon. Members: No.

Mr. McIlraith: I regret very much if the hon. member did not hear it. It must have

been due to noise beyond my control, because I certainly gave an answer in a sufficiently loud and clear way.

Some hon. Members: Answer.

Mr. McIlraith: I have not the question which was asked. If the hon. member would care to pose his question again—I would ask him to put it in the identical language which he used before—I will give him the answer again.

Mr. Aiken: My question was, did the Minister of Transport authorize the use of a Department of Transport aircraft last week end for some of his colleagues to make a trip of a private nature?

Mr. McIlraith: My answer was, the trip was not of a private nature.

Mr. Martineau: On a question of privilege, a few minutes ago I asked the Minister of Justice for some information with regard to that trip. I asked him if the question of setting up a permanent organization for consultation with the province of Quebec was discussed with Mr. Lesage in the course of the meeting, and the Minister of Justice definitely answered "No, because the trip was of a private nature".

Some hon. Members: No.

Hon. Lionel Chevrier (Minister of Justice): Apparently the hon. member did not listen to the answer I gave, otherwise he would not have prefaced his question of privilege in the manner he did. My first answer to the question was no, but I said the discussions were of a private nature.

An hon. Member: Entirely different.

Right Hon. J. G. Diefenbaker (Leader of the Opposition): May I ask the Minister of Justice this. If he and the other ministers discussed with the premier of the province of Quebec matters connected with public business, what was the purpose of this discussion? It was not a private meeting. Therefore the question put by my hon. friend was perfectly proper.

Mr. Chevrier: Is the Leader of the Opposition making a point of order?

Mr. Diefenbaker: I am asking a question.

Mr. Chevrier: If he is, he is clearly out of order, as was the hon. member for Pontiac-Temiscamingue.

Some hon. Members: Oh, oh.

An hon. Member: No lesson.

Mr. Chevrier: The hon. gentleman says "no lesson". Certainly there is no lesson to be taught by the other side of the house, particularly so far as the use of planes is concerned; and I have been reminded that the Leader of the Opposition should be the last one to refer to trips to the city of Quebec.

Mr. Speaker: Order. It seems to me we are embarking on a fishing trip. Has the Leader of the Opposition anything to add?

Mr. Diefenbaker: I rise on a question of privilege and say to the hon. gentleman that this kind of smokescreen does not meet the situation. As far as the use of aircraft is concerned, I am willing to have that looked into at any time, and to deal with the trips of members of the former government, the St. Laurent government, to Florida and elsewhere.

(Translation):

Mr. Gilles Gregoire (Lapointe): Mr. Speaker, I should like to direct a question to the Minister of Justice. In connection with the authorization given by the Department of Transport to enable the present government to use its aircraft, I should like to ask the Minister of Justice how he could obtain an authorization of the Minister of Transport who at that time was flying in another jet in western Canada?

Mr. Chevrier: Mr. Speaker, with respect to the second part of the question, the hon. member should put it to the responsible minister. As for the first part, there is no doubt that, along with the other ministers, I was fully authorized to fly in an airplane of the Department of Transport to go to Quebec city last Sunday.

Mr. Martineau: Mr. Speaker, may I put a supplementary question? Since the Minister of Justice said that his meeting was of a public character, could he tell the house what was the purpose of that meeting?

Mr. Chevrier: Mr. Speaker, I never said what the hon. member has just mentioned in the preamble of his question. Apparently, the hon. member did not understand my first and second answers. Nevertheless, as I said a moment ago—

Mr. Grafftey: Then, give the answer.

Mr. Chevrier: If you would kindly wait, I shall give the answer to you who are jumping like a—

Some hon. Members: Hear, hear.

Mr. Chevrier: I wish to remind you that the questions—

(Text):

Mr. Speaker: Order. I had hoped at five minutes after three that we were reaching

the end of the question period, and I was about to congratulate hon. members.

Mr. Pigeon: On a point of order, Mr. Speaker—

Mr. Speaker: I think we have gone far enough into this matter. Two ministers have attempted to reply, and surely hon. members must be satisfied. The hon. member for Port Arthur.

Mr. Martineau: On a point of order, Mr. Speaker, the minister started to give an answer to my question, and I hope he will at least be permitted to terminate his answer.

Mr. Chevrier: If the hon. member would put his question clearly so the house could understand it perhaps I could then deal with it.

Mr. Martineau: I would be very glad to do that.

An hon. Member: No preamble.

Mr. Martineau: What was the purpose of the minister's week-end meeting with Premier Lesage?

Mr. Chevrier: I have replied to that question on three occasions both today and yesterday. The meetings were of a private nature and dealt with federal and provincial matters.

Mr. Diefenbaker: A private meeting at public expense.

Mr. Speaker: The hon. member for Port Arthur.

Mr. Pigeon: On a point or order, Mr. Speaker—

Some hon. Members: Oh, oh.

Mr. Pigeon: It is my right to raise a point of order, Mr. Speaker, and you will then decide.

Some hon. Members: Oh, oh.

Mr. Pigeon: It is my right to submit a point of order. The Speaker will decide.

Mr. Speaker: Order. I will listen to the point of order.

(Translation):

Mr. L. J. Pigeon (Joliette-L'Assomption-Montcalm): Mr. Speaker, I raise a point of order. The Minister of Justice mentioned that he travelled with his colleagues in a Canadian government aircraft paid for by the Canadian taxpayers. If they did so on the occasion of an official visit, I feel it is in the interests of the Canadian people to know the reason why the minister went to Quebec. I maintain that we are entitled to know.

(Text):

Mr. Speaker: Order. There is no point of order there.

COMMUNICATIONS

REQUEST FOR INQUIRY INTO CONTROL OF NEWS GATHERING AND DISSEMINATING MEDIA

On the orders of the day:

Mr. T. C. Douglas (Burnaby-Coquitlam): Some time ago, when the Prime Minister was in hospital, I directed a question to the Minister of Justice asking whether the government would consider the establishment of a royal commission to determine whether the concentration of control of news gathering and disseminating media had reached a point at which it was a menace to the public interest. At that time the Minister of Justice said he would refer the matter to the Prime Minister on his return. I wonder whether the right hon. gentleman has had time to take it under consideration.

Right Hon. L. B. Pearson (Prime Minister): No, I am afraid I have not had time to give consideration to that very important matter.

Mr. D. M. Fisher (Port Arthur): Mr. Speaker, I want to ask the Minister of Justice a question following on the one relating to a commission to examine the trend of the press toward consolidation. I should like to ask the minister whether the restraining order of the restrictive trade practices commission with regard to Pacific Press has been outmoded or is no longer in effect as a result of the purchase of the Vancouver *Sun* by F. P. Publications?

Hon. Lionel Chevrier (Minister of Justice): Mr. Speaker, I am afraid I shall have to take that question as notice and give my hon. friend a reply later.

GRAIN

WHEAT—REQUEST FOR FORECAST OF EXPORT VOLUME

On the orders of the day:

Mr. George Muir (Lisgar): Mr. Speaker, I should like to address a question to the Minister of Trade and Commerce. In view of the large wheat crop expected in the prairie region this fall, would the minister care to forecast the expected volume of wheat to be exported in the crop year 1963-64 beginning August 1?

Mr. Speaker: Order. That is a question for the order paper.

Mr. Muir (Lisgar): On a point of order, Mr. Speaker, I do not think it should take a question on the order paper to ask the minister to forecast what he thinks will be the volume of wheat exported.

Hon. Mitchell Sharp (Minister of Trade and Commerce): Mr. Speaker, this is obviously not a question of urgency since the new crop year has not yet begun. The question the hon. member asked me was, would I care to make a forecast, and the answer is no.

(Translation):

NATIONAL DEFENCE

BAGOTVILLE, QUE.—STORAGE OF NUCLEAR ARMS

On the orders of the day:

Mr. Maurice Côté (Chicoutimi): Mr. Speaker, may I put a question to the Minister of National Defence? Will the minister take into consideration the strong representations submitted by individuals and public organizations of the Saguenay area concerning the storage of nuclear warheads at the Bagotville military airport?

(Text):

Hon. Paul Hellyer (Minister of National Defence): Yes, Mr. Speaker, we listen to all representations from all parts of the country.

Mr. Pigeon: The Voice of Women, too?

WAYS AND MEANS

The house in committee of ways and means, Mr. Lamoureux in the chair.

INCOME TAX ACT

Resolved,—That it is expedient to introduce a measure to amend the Income Tax Act and to provide among other things:

1. That with respect to new depreciable property of a prescribed class acquired in the period of 24 months commencing June 14, 1963 capital cost allowances be computed on a straight line basis at a prescribed rate not exceeding 50 per cent per annum if the property has been acquired by a taxpayer in a taxation year for a manufacturing or processing business in Canada and the taxpayer is

(a) an individual who was resident in Canada for a period of not less than 183 days in the year, or

(b) a corporation that in the year had a degree of Canadian ownership and control;

and for the purposes of this paragraph,

(c) a corporation has a degree of Canadian ownership and control in a year if the corporation throughout the 60 day period immediately preceding the year (or if the corporation did not have a preceding year, throughout the 60 day period commencing on the first day of the year) complied with the following conditions:

(i) the corporation was resident in Canada,

(ii) either

(A) not less than 25 per cent of its voting shares were beneficially owned by one or more individuals resident in Canada, one or more corporations controlled in Canada or a combination thereof, or

(B) the voting shares of the corporation were listed on a recognized stock exchange in Canada and it is established, in prescribed manner, that no one non-resident shareholder owned beneficially, together with any other person associated with him at any time in the period, more than 75 per cent of the voting shares of the corporation, and

(iii) where the year commences after December 31, 1964, the number of directors of the corporation who were resident in Canada was not less than 25 per cent of the total number of directors of the corporation;

or complied with the conditions specified in clauses (i) and (iii) and was a wholly-owned subsidiary of a corporation that throughout the 60 day period complied with the conditions specified in clauses (i), (ii) and (iii); and

(d) a corporation is controlled in Canada at a particular time if at that time it complies with the following conditions:

(i) the corporation is resident in Canada, and

(ii) not less than 51 per cent of its voting shares are beneficially owned by one or more individuals resident in Canada, one or more corporations controlled in Canada or a combination thereof.

2. That a taxpayer whose business in a prescribed area of Canada has been certified to be a new manufacturing or processing business that commenced commercial operations in the period of 24 months commencing with the date on which any enactment based on this paragraph is assented to be exempt from tax on the income from that business for a period of 36 months from the date certified to be the date of commencement of operations, and that the rate of capital cost allowances for new depreciable property of a prescribed class acquired by the said taxpayer in the said 24 months period for such business be computed on a straight line basis at a prescribed rate not exceeding 50 per cent per annum.

3. That with effect for 1964 and subsequent taxation years section 40A of the act, which provides for a deduction from the tax otherwise payable by a manufacturing and processing corporation, be repealed.

4. That with respect to expenses incurred after June 13, 1963 a corporation whose principal business is operating a pipe line for the transmission of oil or natural gas be allowed to deduct in computing income the drilling and exploration expenses, including all general geological and geophysical expenses, incurred by it on or in respect of exploring for petroleum or natural gas in Canada and the prospecting, exploration and development expenses incurred by it in searching for minerals in Canada.

5. That for the 1963 and subsequent taxation years a dividend received by a person resident in Canada from a corporation that throughout its taxation year in which the dividend is paid or credited

(a) is taxable as a non-resident corporation carrying on business in Canada,

(b) derives substantially all of its income from sources in Canada, and

(c) has its shares listed on a recognized stock exchange in Canada be deemed to be a dividend from sources in Canada paid or credited by a taxable corporation within the meaning of section 38 of the act.

6. That the 15 per cent rate of tax payable by a non-resident person on dividends paid or credited to him by a person resident in Canada be reduced to 10 per cent with respect to dividends paid or credited after June 13, 1963 by a corporation that in its taxation year in which the dividend is paid or credited has a degree of Canadian ownership or control within the meaning of paragraph 1.

7. That the 15 per cent rate of tax payable by a non-resident person on dividends paid or credited to him by a person resident in Canada be increased

to 20 per cent with respect to dividends paid or credited after December 31, 1964 by a corporation that in its taxation year in which the dividend is paid or credited does not have a degree of Canadian ownership or control within the meaning of paragraph 1.

8. That where a corporation resident in Canada that in any year before 1967 was not a corporation that had a degree of Canadian ownership and control, within the meaning of paragraph 1, becomes a corporation that in 1967 has such a degree of Canadian ownership and control, a non-resident person shall be entitled to a refund equal to

(a) 5 per cent of any dividends paid or credited by the corporation to him after June 13, 1963 and before January 1, 1965, in respect of which he has paid a tax of 15 per cent to Canada, and

(b) 10 per cent of any dividends paid or credited by the corporation to him after December 31, 1964 and before January 1, 1967, in respect of which he has paid a tax of 20 per cent to Canada.

9. That where a corporation (other than a non-resident-owned investment corporation) paid or credited dividends during the period commencing on June 14, 1963 and ending on December 31, 1964 in taxation years in which it did not have a degree of Canadian ownership and control within the meaning of paragraph 1, the amount of which dividends exceeds five fourths of the amount of dividends paid or credited by the corporation during that number of days immediately preceding June 14, 1963 that is equal to the number of days in the period commencing on June 14, 1963 and ending on December 31, 1964 that were included in taxation years in which the corporation did not have such a degree of Canadian ownership and control, the corporation shall, on or before January 31, 1965, pay a special tax equal to 5 per cent of the amount of the excess.

10. That with respect to income earned after December 31, 1964 the 15 per cent tax imposed by part IIIA of the act on a non-resident corporation carrying on business in Canada be 20 per cent.

11. That with respect to income of a non-resident-owned investment corporation earned after December 31, 1964 the present 15 per cent rate of tax be 20 per cent.

12. That any amount paid or credited after June 13, 1963, by a person resident in Canada to a non-resident person, as or on account of a management or administration fee or charge, be subject to the 15 per cent tax on income from Canada of non-resident persons.

13. That with respect to interest paid by a person resident in Canada to a non-resident person on any obligation issued after June 13, 1963, if the non-resident person

(a) is exempt from income tax in the country in which that person is resident; and

(b) has obtained a certificate of exemption from the minister,

the non-resident person be exempt from the 15 per cent rate of tax imposed in respect of such payment.

14. That for the taxation years ending after November, 1965 a corporation shall during the 12 months period ending 4 months after the close of each taxation year, pay to the Receiver General of Canada

(a) on or before the last day of each of the first 10 months in that period, an amount equal to one twelfth of the tax as estimated by it at the rate for the taxation year

(i) on its estimated taxable income for the year, or

(ii) on its taxable income for the immediately preceding year,

(b) on or before the last day of the eleventh month in the period, an amount equal to one half of the remainder of the tax payable as estimated by it on its taxable income for the year at the rate for the year, and

(c) on or before the last day of the period, the remainder of the tax

and that for the taxation years ending after November, 1963 and before December, 1964 a corporation shall, during the 11 month period ending 5 months after the close of its taxation year, pay to the Receiver General of Canada

(d) on or before the last day of each of the first 9 months in that period, an amount equal to one twelfth of the tax as estimated by it at the rate for the taxation year

(i) on its estimated taxable income for the year, or

(ii) on its taxable income for the immediately preceding year,

(e) on or before the last day of the tenth month in the period an amount equal to one half of the remainder of the tax payable as estimated by it on its taxable income for the year at the rate for the year, and

(f) on or before the last day of the period, the remainder of the tax, and that for taxation years ending after November, 1964 and before December, 1965 a corporation shall, during the 11 months period ending 4 months after the close of its taxation year, pay to the Receiver General of Canada

(g) on or before the last day of each of the first 9 months in that period an amount equal to one eleventh of the tax as estimated by it as the rate for the taxation year

(i) on its estimated taxable income for the year, or

(ii) on its taxable income for the immediately preceding year,

(h) on or before the last day of the tenth month in the period, an amount equal to one half of the remainder of the tax payable as estimated by it on its taxable income for the year at the rate for the year, and

(i) on or before the last day of the period, the remainder of the tax.

15. That the return of income for a taxation year that is to be filed with the minister in prescribed form and containing prescribed information by or on behalf of a corporation be filed

(a) for taxation years ending after November, 1963 and before December, 1964 within 5 months from the end of the year, and

(b) for taxation years ending after November 1964 within 4 months from the end of the year.

16. That with respect to amounts received after June 13, 1963, where a taxpayer has received an amount in a taxation year,

(a) as consideration for the sale or other disposition of any shares of a corporation or of any interest in such shares,

(b) in consequence of a corporation having

(i) redeemed or acquired any of its shares or reduced its capital stock or

(ii) converted any of its shares into shares of another class or into an obligation of the corporation, or

(c) otherwise, as a payment that would, but for this provision, be exempt income,

which amount, in the opinion of the minister, was received by the taxpayer as part of a transaction or series of transactions whenever effected or to be effected, one of the purposes of which was or is to effect a substantial reduction of, or disappearance of, the assets of a corporation in such a manner that the whole or any part of any tax that might otherwise have been or become payable

under the act in consequence of any distribution of income of a corporation has been or will be avoided, the amount so received by the taxpayer or such part thereof as may be specified by the minister shall, if the minister so directs,

(d) be included in computing the income of the taxpayer for that taxation year, and

(e) in the case of a taxpayer who is an individual, be deemed to have been received by him as a dividend from a taxable corporation within the meaning of section 38 of the act.

17. That for the 1964 and subsequent taxation years where, in the case of two or more corporations, the minister is satisfied

(a) that the separate existence of those corporations is not solely for the purpose of carrying out the business of those corporations in the most effective manner, and

(b) that one of the main reasons for such separate existence is to reduce the amount of taxes that would otherwise be payable under the act the two or more corporations shall, if the minister so directs, be deemed to be associated with each other.

18. That upon any appeal to the Exchequer Court of Canada from an assessment in such case the court may confirm or vary any direction given by the minister as provided in paragraph 16 or 17, or may vacate any such direction where it determines that

(a) none of the purposes of the transaction or series of transactions referred to in paragraph 16 was or is that specified in that paragraph, or

(b) none of the main reasons for the separate existence of the corporations referred to in paragraph 17 is that specified in subparagraph (b) of that paragraph.

19. That for the 1963 and subsequent taxation years

(a) a business loss incurred in a previous year by a corporation may not be deducted in a taxation year if

(i) the business in which the loss was sustained by the corporation was not carried on by it in the taxation year, and

(ii) in the period between the end of the year in which the loss was sustained and the end of the taxation year control of the corporation has changed hands, and

(b) a business loss incurred by a corporation in a taxation year may not be deducted in computing the income of the corporation for that taxation year if the business in which the loss was sustained by the corporation was wound up or discontinued, and after such winding up or discontinuance control of the corporation passed to a person or persons who did not control the corporation in the year at any time when the business in which the loss was sustained was carried on; but this paragraph is not applicable where the change of the control of the corporation occurred prior to June 14, 1963.

20. That for the 1963 and subsequent taxation years section 18 of the act, which provides rules in the case of any lease option agreement, hire purchase agreement or other contract or arrangement for the leasing or hiring of property, be repealed, and appropriate transitional provisions be enacted in respect of any such contract or arrangement.

21. That for the 1963 and subsequent taxation years the benefits received by an employee from his employer's contribution to a group life insurance plan that are at present excluded from income be excluded only if such contribution is in respect of group term life insurance.

22. That, with respect to any annuity contract entered into after June 13, 1963, that part of the proceeds of the contract that consists of interest accumulated prior to the date on which the annuity commences be included in computing income of the recipient unless such proceeds are received as a life annuity or as a refund of premiums upon the death of the holder of the annuity contract.

23. That for the 1962 and subsequent taxation years the manner of taxing a bankrupt corporation, a bankrupt individual and a trustee in bankruptcy be revised and in particular

(a) that the trustee be deemed to be the agent of the bankrupt person for all purposes of the act;

(b) that section 63 of the act not apply in the case of any income of the trustee from dealing in the property of the bankrupt person or from carrying on the business of the bankrupt person

(c) that the income of the bankrupt person be computed as if upon the occurrence of the bankruptcy the property of the bankrupt person did not pass to and vest in the trustee; and

(d) that the trustee be liable for payment of any tax payable by the bankrupt person to the extent of the property of the bankrupt person in the possession of the trustee.

The Chairman: Order. When the committee rose last evening we were discussing paragraph 17. Shall we now proceed to paragraph 18?

Some hon. Members: Agreed.

Mr. Gordon: Mr. Chairman, this paragraph of the resolution proposes that a taxpayer who is dissatisfied with the direction of the minister in connection with dividend stripping or associated companies may appeal to the Exchequer Court of Canada.

Mr. Nowlan: Mr. Chairman, I spoke at some length on this matter when we were dealing with the budget speech per se, and I do not intend to repeat now what I said on that occasion.

Some hon. Members: Hear, hear.

Mr. Nowlan: Well, if there is to be noise over there I will. I think the minister has attempted to improve the situation by the insertion of this appeal section, but I doubt very much that it achieves the purpose. As was pointed out by other members in the discussion last night, I do not think any appeal provision will meet the situation. However, I think the proper thing to do is to wait until the bill is before us, when we will have the various sections of the bill rather than spending considerable time in dealing with resolutions which, although important, are not effective in the same way that clauses of a bill are. So as far as we are concerned I think we are prepared to let the matter stand until we see the bill.

Mr. Lambert: In preparing the bill I wonder whether the minister would be willing to consider that the appeal should start at the tax appeal board level rather than in the exchequer court. The provision here is a specific one for an appeal to the exchequer

court rather than to the tax appeal board and so far as many smaller taxpayers are concerned I think there might be a good deal of merit in allowing them at least to start with an appeal to the tax appeal board.

Mr. Gordon: Mr. Chairman, there would be no objection to that, except that in the discussions it was felt that the tax appeal board was probably not in a position to deal with these matters as expeditiously or perhaps as fully as the exchequer court. However, I would be glad to consider the matter and look into it more carefully between now and the introduction of the bill.

The Chairman: Shall we proceed to the consideration of paragraph 19?

Some hon. Members: Agreed.

Mr. Gordon: Mr. Chairman, this is another section that is designed to plug a loophole. It is an amendment to stop a device whereby a company that has experienced a loss is purchased by somebody else for the purpose of applying the loss against income from another business.

Mr. Monteith: Mr. Chairman, I fully understand the minister's thinking concerning the plugging of loopholes, but might not this first business be sold to another business for a quite legitimate reason? Is there any protection under those circumstances?

Mr. Gordon: There might be occasions where this could happen. I think the hon. member will agree with me, though, that in the vast majority of cases, particularly in recent years, this practice, which has been an ever-increasing one, has been for the simple purpose of avoiding taxes in future for profitable concerns.

Mr. Monteith: I do not agree entirely. I feel that because of succession duties and all sorts of things there have been many cases in the past where a corporation, even though it has suffered losses in the previous year, may be sold to some other concern which has every right to take the losses in the previous year of the first company into consideration. I just do not like to see us put in the position where this may be forbidden.

Mr. Gordon: Perhaps I should have explained that this only applies in a case where the first business has been discontinued. It does not apply if the business is a continuing one with some losses that can be applied in the future. It is restricted to a case where the corporation has gone out of business with heavy losses. There used to be a regular market for such corporations.

Mr. Lambert: It should be clearly understood that when the legislation comes before the house the provision will be clearly identified. One can readily envisage the condition referred to by the hon. member for Perth, where you might have two related businesses.

Mr. Gordon: It is not intended to cover those at all.

Mr. Lambert: Of course we are fully aware that there was some, shall we say, plucking of ripe plums from certain trees by people who were rather astute at picking up tax losses of one company to the benefit of another. On the other hand, this legislation might become far too wide. A successful merger might be made of one or two unsuccessful businesses with one that is quite successful, or there might be the gathering together of two or three rather rundown businesses with a view to putting them on their feet, as long as there was a certain amount of working capital that might be introduced by the fourth corporation.

Mr. Gordon: I think it is fair to say that this would stop the most blatant cases, but there might be a more sophisticated situation of the kind the hon. member has just described that would probably get through the net.

The Chairman: Shall we go to paragraph 20?

Mr. Gordon: This paragraph of the resolution proposes that section 18 of the act which deals with lease operations be repealed. This is another major plugging of a loophole and one that has been taken advantage of to an increasing extent in recent years.

Briefly, section 18 provides that lease options or similar agreements under which the lessee has the right to purchase shall be deemed to be agreements for the sale of the property. The lessee is not permitted to deduct the rent he pays for the use of the property, but he may deduct the cost of capital allowance. The original purpose of this section was to block arrangements under which contractors were leasing equipment and paying a rental which was sufficient to pay for the equipment in two or three years, after which the contractor had the right to buy the equipment for a nominal sum. This had the effect of allowing the contractor to deduct the cost of the equipment under the guise of rent over a very short period, and then write off the cost for tax purposes at a faster rate than would be allowed.

Mr. Nowlan: Oh, oh.

Mr. Gordon: I see the hon. member who for some years administered this act recognizes some of the cases to which I am referring. The contractor would then write off the cost at a faster rate than would be allowed under normal depreciation allowance for whatever equipment had been purchased.

In 1948 the section was rewritten and an attempt was made to prevent the purchase price of land being deducted under the heading of rental payments. It has been found that the section has a number of serious deficiencies, and it interferes with legitimate business transactions. On the other hand it provides a way for substantial tax avoidance. It is believed it would be extremely difficult to devise an amendment to correct the deficiencies of the section without interfering further with legitimate business arrangements and making an already difficult section incomprehensible. I do not think that is an exaggeration.

A brief submitted by a joint committee representing the Canadian Bar Association and the Canadian Institute of Chartered Accountants for the last two years has urged repeal of the section.

Mr. Nowlan: I quite agree that there have been occasions when it might have been abused. The practice to which the minister has referred was a fairly ancient and shall I say honourable tradition. At any rate, it is one which has been in effect for a long while. I am particularly intrigued by the wording in one part. What does the minister mean by "appropriate transitional provision"? This is something I have not seen in resolutions heretofore, and I would hope that the section, when incorporated in the act, would translate "appropriate transitional provision" into a regulation which would enable us to know specifically with what we are dealing.

Mr. Gordon: I think the point that has been raised is a very good one. I will indicate, with the approval of the committee, three of the types of measures that are proposed. First of all, in those cases where rents already paid in previous years exceed capital cost allowances that have been deducted in those years, the excess of rents shall be deductible in the year first affected by the repeal of the section. Second, in those cases where the capital cost allowances deducted have exceeded the amount paid in rents, the excess shall be recovered by adding it to income. The taxpayer should be given the right to elect to spread this additional income over the previous five years in accordance with section 43.

Third, where the financing of ships built in Canada has been facilitated by an agreement under section 18, no recapture along the lines indicated is required, and instead, any subsequent payment of rent, charter party fees, shall not be deducted until the total of such rentals exceeds the capital cost allowance. The final adjustment shall be made at the termination of the agreement.

Mr. Lambert: This may be a rather technical point. I take it that the provision for spreading the recapture over the previous five years does not in fact open up the assessment in the fifth year so there can be a full reassessment which goes beyond the four year statutory limitation.

Mr. Gordon: I am afraid that the significance of that question has escaped my officials. Perhaps the hon. member would be kind enough to repeat it?

Mr. Lambert: I am just worried that by spreading this recapture over five years, by going into the last year, the furthest year, you are in effect having a reassessment, and by so doing even at the option of the taxpayer you may be reopening an assessment that had been closed beyond the statutory period.

Mr. Gordon: This would only be done at the option of the taxpayer. It is proposed that he have this option so that if he is stuck he can spread the additional cost over a reasonable period of years. Perhaps the hon. member would prefer to limit it to four years, but the intention is just to produce an average rate.

The Chairman: We shall now proceed to paragraph 21.

Mr. Gordon: This paragraph of the resolution provides that the present concession to exclude from the income tax of an employee certain benefits he receives from an employer through contributions to a group life insurance plan will be allowed only if the contributions are for term life insurance. That is to say that they would not be for permanent life insurance, because this may mean unduly large benefits for selected employees. This is just another loophole.

The Chairman: Paragraph 22.

Mr. Gordon: This paragraph of the resolution proposes an amendment to ensure that interest earned on amounts paid to purchase an annuity contract will be taxed where proceeds of the contract are taken in a lump sum rather than in a life annuity. It is the same principle. This is another measure to close a loophole.

Mr. Lambert: I take it that the time at which the income is computed by the recipient is when he receives the lump sum, and it will be deemed to be income within that taxation year.

Mr. Gordon: That is correct, Mr. Chairman.

The Chairman: Paragraph 23.

Mr. Gordon: This paragraph of the resolution proposes that a set of rules be added to the Income Tax Act to deal with certain taxation problems which arise when a person becomes bankrupt. At present it does not include special provisions governing a trustee of a bankrupt corporation or an individual, and as a result the trustee in bankruptcy must be taxed under the provisions of the law applicable to an estate or trust. This leaves uncovered a wide range of situations.

Moreover, if a trustee earns any income, and they often do, he would be taxed at the individual rates without exemptions, even when the bankrupt person is a corporation and frequently the trustee continues the operation. In the past, returns have been made and filed on assessment of what seems to be the most reasonable basis for handling the situation. However, the basis used has been questioned and there is need for more detailed law.

The Chairman: Have we completed discussion of paragraph 23?

Some hon. Members: Yes.

The Chairman: Then I should inform the committee that in the course of the discussion paragraphs 1, 6, 7, 8 and 9 were allowed to stand.

Mr. Barnett: Mr. Chairman, this might be an appropriate moment to call to the attention of the committee what I consider to be some of the omissions in the resolution. We have been dealing at some length with provisions which affect corporate taxpayers, and according to the minister we have been attempting to plug some loopholes. Under other provisions we have been concerning ourselves with the granting of certain taxation concessions to corporate taxpayers, and it might be appropriate if we were to spend a little time concerning ourselves with matters relating to the far larger number of individual taxpayers. To my mind the resolution has some serious omissions in this connection.

In my experience during the time I have been in this house, this seems to have been an all too prevalent condition pertaining to the income tax resolutions and bills introduced by various ministers of finance, and the particular matter to which I make reference is certainly not new so far as I am concerned. I am sure the former minister of finance will recall that during a somewhat similar discussion last year I raised a question in regard to limitations on exemptions of expenses incurred by individual taxpayers in the course of earning a living, because of the restrictions in section 5(2) of the Income Tax Act.

Perhaps the present minister may recall that last year I introduced an amendment in the committee stage of the bill which the chairman ruled out of order; and in spite of my plea to the then minister of finance that he accept my motion, and thereby put it in order, he indicated in a genial way that he did not see fit to adopt that suggestion. In passing I may say I have had a rather similar experience with quite a number of ministers of finance. I recall that when the first Conservative minister of finance of the current era in Canadian politics assumed office we had a similar discussion, and I remember saying at that time that apparently I was going to have to start all over again on a new minister of finance. I only hope that my starting on the present minister will be more effective than my previous experiences.

In this connection I would like to draw to the attention of the minister a statement which was made in this chamber by Mr. Harris, the then minister of finance, as recorded at page 3034 of *Hansard*, 1957, volume III. He was the last previous spokesman on behalf of a Liberal government in that portfolio, and on that occasion he had this to say:

> The hon. member argues, in any event, that on social grounds it is desirable that full income tax should not be charged to men who are away from home because they ought to have a home life and be able to return and have some money with which to do it. I recognize both these arguments and I can assure hon. members that the subject is not closed.

It appears to have been closed during the period since 1957.

> It is one of the problems to which we have to find a proper answer, but I am not prepared to make any recommendation to the committee at the present time.

In reply to that statement I had this to say, as recorded at page 3036 of *Hansard*:

> I welcome the statement which the minister has made in part, because up until this year the only thing I have been able to get in the way of an answer from the opposite side of the house has been a few inconclusive words from the minister's parliamentary assistant on the subject. The one point to which I want to make reference, seeing that the discussion has gone this far, is this.
>
> I agree in part with what the minister has been saying, namely that this problem is not something which is unique to the construction industry.

The present minister may recall that there was a great deal of discussion in respect to this sort of exemption being applicable to the construction industry. Following the taking of office by the Conservative administration, subsection 2 of section 5 of the act was

introduced, and it does provide some consideration for construction workers in respect to the deduction of expenses. In fact, as I recall the debate which occurred during that particular session, and from the records which I have been quoting, some of the then front bench members of the Conservative opposition dealt with the subject at considerable length, and I have always surmised that when shortly afterward they found themselves sitting on the treasury benches they could not do any more than show good faith in the course of action which they had been advocating so vigorously a short time previously.

The then minister of finance was trying to point out that this was not a problem confined only to the construction industry. As I was saying, in speaking at that time I said this:

> I agree in part with what the minister has been saying, namely that this problem is not something which is unique to the construction industry. As far as I am concerned, it applies equally, and as seriously, for example to the logging industry. In my opinion from the study I have made of the matter over the past several sessions, this whole question can be resolved only by a suitable amendment to the Income Tax Act, one that will remove what to me is a discrimination that now exists against the expenses that are incurred by those on wages and salaries in the course of earning a living.

While no action has been taken by parliament in regard to legislation since the amendment covering construction workers was introduced by the Conservatives, this matter has not been allowed to lie dormant. I am not sure whether in the voluminous correspondence the Minister of Finance has been receiving in connection with budget matters he has had an opportunity of personally examining a brief which was submitted to him very recently, dated July 8 of this year, from what is referred to in British Columbia as the loggers' local of the international woodworkers of America. This particular brief merely reiterates the case that this local union, on behalf of its membership, has been placing before the minister of finance in Ottawa for quite a number of years.

While it is concerned primarily with the situation of the loggers on the Pacific coast, large numbers of whom have to spend most of their working life away from their homes and families and have to undertake expensive air travel as well as having to incur expenses for the special tools of their trade, nevertheless it is in line with the argument I have been attempting to present in the house and which was concurred in, in part at least, by the former minister of finance, Hon. Walter Harris, when I suggested that the only proper way to deal with this matter was to provide the same rights of deduction for all people in the same or equivalent situations.

I am sure that people on wages and salaries in this country will have noted with interest the brave efforts of the present minister to curb what he termed expense account living; the suggestion that no one should be able to have a car valued at over $5,000, as I recall his figure, and write it off to expense. But I would urge that the minister consider that as long as any form of expense account living is allowed in this country, then under the same terms and conditions expenses incurred in the course of earning a living should be allowed to more Canadians no matter what the source of their income may happen to be.

It is for that reason, and in the hope that the present Minister of Finance will give a really sympathetic hearing to this argument that I have been presenting and perhaps agree that this should be incorporated in his proposed amendment to the Income Tax Act, that I would like to move:

> That the resolution be amended by adding thereto after item 23 the following:
>
> 24. That for the 1962 and subsequent taxation years, the existing limitations in section 5 of the act with respect to allowable deductions from taxable income of those whose income is derived from salary or wages be changed to provide for the deduction by each such taxpayer of the following:
>
> (a) Expenses necessarily incurred by him for board and lodging by reason of his employment at a distance from the place where he maintains a self contained domestic establishment.
>
> (b) Expenses incurred by him for transportation between his ordinary place of residence and his place of employment where, by reason of distance, he is required to live away from home to perform the duties of his employment.
>
> (c) Expenses incurred by him for depreciation and replacement of tools and special equipment or clothing which are necessarily required by him in the performance of the duties of his employment.

Mr. Gordon: Mr. Chairman, before putting the motion I hope Your Honour will consider whether or not it is in order.

The Chairman: Order. Perhaps I should read the proposed amendment to the committee. Mr. Barnett moves:

> That the resolution be amended by adding thereto after item 23 the following:
>
> 24. That for the 1962 and subsequent taxation years, the existing limitations in section 5 of the act with respect to allowable deductions from taxable income of those whose income is derived from salary or wages be changed to provide for the deduction by each such taxpayer of the following:
>
> (a) Expenses necessarily incurred by him for board and lodging by reason of his employment at a distance from the place where he maintains a self-contained domestic establishment.
>
> (b) Expenses incurred by him for transportation between his ordinary place of residence and his place of employment where, by reason of distance, he is required to live away from home to perform the duties of his employment.

(c) Expenses incurred by him for depreciation and replacement of tools and special equipment or clothing which are necessarily required by him in the performance of the duties of his employment.

Mr. Gordon: Mr. Chairman, as I think the hon. member pointed out, the brief submitted to me on this subject was dated July 8. I have not had a chance to study it. It came in after the budget was presented. I would be only too pleased to consider it carefully before the next budget, but I would respectfully suggest that this particular motion is out of order at this stage because it would upset the balance of ways and means.

The Chairman: After considering this motion it seems to me it should not be too difficult for the Chair to render a decision in connection with the proposed amendment. It is quite obvious that it is imposing a charge on the treasury, and it is a well known principle that only the crown can initiate a financial proposal such as this. I think, therefore, that the amendment cannot be proposed to the committee. Moreover, it is introducing an entirely new proposition; therefore it is irrelevant.

Mr. Barnett: Mr. Chairman, I cannot say that your ruling has taken me altogether by surprise in view of the experience I have had. However I would suggest, as I did last year to the then minister of finance, that the minister on his own initiative should do something about this matter. I would be pleased to assist him by providing him with a copy of the draft amendment to the clause of the bill. I think this might cut down the amount of time necessary for his consideration. I have here—and I would be glad to send it across to him—a suggested draft amendment to clause 5 (2) of the bill for his consideration, in the hope that before we get to the committee stage he will have had an opportunity to take a good look at it and perhaps agree that it would be appropriate that it should be brought in with his consent. I will be quite happy to give the present Minister of Finance full credit if he will be the minister who finally completes the consideration begun by his predecessor, Hon. Walter Harris.

Mr. Gordon: Would the hon. member allow me to ask him a question. In connection with this information which he has been kind enough to send me, I wonder whether he could give me some estimate of the cost in terms of government revenue which an amendment of this kind would represent. As he may remember, I am little concerned about a number of things in the economy, but one which has some bearing on this situation is the extent of government revenue and expenditure. I should like to know whether he has any estimate of the effect of this on government revenue.

Mr. Barnett: I cannot say that I have any estimate I would consider accurate enough to suggest to the committee. I am sure the minister has much better facilities than I to arrive at such a figure; but I am convinced, particularly if one gets down to considering the kind of detail which would be included in the actual text of a clause—and my draft is based closely on existing subsection 2—that with the restrictions and safeguards in such wording the effect would be quite insignificant in comparison with some of the other things which the minister has been prepared to undertake.

Mr. Fisher: Mr. Chairman, I am disappointed with the response which the minister has made to this point. Not that I expected him to take it up, but it does get a little tiresome for representatives of the people, as we all are here, to keep taking this particular issue to ministers of finance and officials of the Department of Finance. On one occasion a few years ago representatives from the logging industry of Ontario and Quebec sat for more than an hour in the office of the minister of finance, and we were told—I do not think this is confidential any more—by a senior official of the department that the present situation was not fair in equity. The reason it is not fair is that construction workers have the privilege of charging expenses incurred by living away from home as a deductible item, yet people doing exactly the same kind of work in the logging and the bush industry cannot take advantage of this privilege.

The reason the logging industry missed out when the Canadian Construction Association and the Canadian Labour Congress managed to convinced Mr. Fleming a few years ago that they deserved this particular advantage is something that I have never been able to get clearly in my head. But I know from conversations we have had with department officials and with Mr. Fleming that the Department of Finance was perfectly aware that inequity exists in this matter. Therefore for the minister to say to the hon. member, who has brought this question up several times, as have I and other hon. members, "How much is it likely to cost?", is surely not good enough.

Last year I understand the Canadian Medical Association sponsored a seminar which took place on board a boat on a trip to Hawaii. Wives were allowed to go along and everybody had a good time. The seminar, of course, enabled the worthy doctors to charge

the trip as an expense. I know we smile at these things, but they come up all the time. We have had some vitriolics from the minister already with regard to expense accounts, but what we have in Canada today is a situation where people in professional occupations band together in organizations and hold conventions, and you have the old expense account business. They are able to take advantage of the act in a way that the ordinary guy—the little fellow, in the Prime Minister's words—has no opportunity to do at all.

I should like to point out that if the minister accepts the sort of amendment offered by the hon. member for Comox-Alberni he will be doing something for the genuine little guy in this country. By no stretch of the imagination are people like the loggers on the west coast and the bush workers of Ontario, Quebec and the maritimes the kind of people who, for example, are going to be able to have seminars on their way home from Hawaii.

I suggest to the minister that if he checks with his officials he will find that they were disturbed when this exemption was extended to the construction workers. This is my opinion and I may be wrong, but I think the minister will discover that to be the fact. I will not say that the minister masquerades about this; I think he genuinely feels that as minister he has to be fair to all the people in this country. But as long as the logging workers and the bush workers cannot take advantage of this exemption, although their situation is in every way on all fours with that of most construction workers, then we have a real injustice embedded in the Income Tax Act.

The workers in my part of northern Ontario bring cases to me every year which I usually take up with the Department of National Revenue, and these workers cannot see why, if they have to go 300 miles from the city of Port Arthur to work as bush workers at a site which is right next door to a hydro construction project which is being carried on for a considerable length of time, they cannot deduct the cost of their board and room when they are also keeping a home in Port Arthur.

Yet the construction workers across the road from them are entitled to this benefit under the act. I hope the minister will get around to examining this, not from the point of view of removing from construction workers the entitlement they now have but from the point of view of extending it to other workingmen. Because this is the kind of group which needs assistance.

There is another group of workers in Canada with whose position I am quite familiar; that is the railway workers. In the main they are taken care of under the act when they find themselves on the go most of the time. So far as the woods industry is concerned, that is the basic industry in our country. All other arguments about farming or anything else to the contrary, that is the basic industry. The men who prime the whole thing are the guys who go into the woods, get the trees, load them and get them out to the landings. They are the people who in so many cases do not have the opportunity to live at home; they have to go away to some kind of temporary camp in some other part of the country. Although there may be a trend this way, it is not yet the case in Canada that loggers live at the place they work. I think it is about time these people received some justice under the Income Tax Act, as the hon. member for Comox-Alberni has said.

Mr. Leboe: Mr. Chairman, I rise at this time to support the argument which has been put forward, coming from a part of the country which produces a great deal of lumber. I do not know whether the minister is aware of it, but the city of Prince George is the western white spruce capital of the world as far as we are concerned. The situation which has been disclosed certainly merits the attention of the minister, and again I am pleased to see the Minister of Forestry is with us. I do hope he will whisper in the ear of the Minister of Finance and give a little support to this case. I know the minister is well aware of the situation. So I rise to support the contention which has been made. I think the arguments have been well put, and I hope the hon. gentleman will give serious consideration to providing some measure of relief for these people.

(Translation):

Mr. Marcoux: Mr. Chairman, after listening to what the hon. member for Port Arthur (Mr. Fisher) had to say about a trip made by some physicians on a ship bound for Hawaii, I would like to point out that, as far as I know, expenses incurred through the presence of ladies on board cannot be deducted for income tax purposes.

Besides, many workers can take such trips if they are members of a labour union or a group which enable them to hold seminars. And if they want to choose Hawaii as their destination, I do not think that the Department of National Revenue sees any objection to it.

In addition, I must say that Social Credit, in its election platform, had a plank advocating an income tax exemption for equipment that workers must own. I fail to see also why the minister should not grant an income tax exemption with regard to trans-

portation costs incurred by workers when they have to earn their living away from their own home. Contrary to what was suggested to me by an hon. member a moment ago, it is not a matter of taking an exemption away from those who enjoy it at the present time, but rather to extend it to workers who are entitled to it also as Canadian citizens and human beings.

(Text):

Mr. Moreau: Previous speakers have been championing the cause of the lumber workers. I would ask the Minister of Finance to consider the position of the people working in the field of exploration. Their case is even more deserving than some of those which have been mentioned many times today. As a rule they live in much more difficult circumstances. The camps in which they stay are almost invariably slight and temporary in nature by comparison with logging camps. Their expenses are considerable and they often work under conditions of great hardship, molested by flies and subject to all the inconveniences of life far from the comforts of civilization. These people, too, usually have to retain a permanent establishment in some place or other, and I trust the minister will consider their case when he is giving attention to other workers who come within this general category.

Mr. Herridge: I just want to add my voice to those of other hon. members who have spoken on this subject. I support the remarks which were made in connection with the situation in the forest industry. I can speak with some knowledge of the forest industry, because I cut my first log in 1907. I have talked a lot about logs and I have written a lot about logs. I am not an academic logger.

I also wish to support the remarks made with respect to the mining industry. There are many employees in this industry who should receive special consideration because of the extra expenses they must incur by reason of their occupation.

I also wish to make a plea on behalf of the smelter workers. I am glad to see the minister look in my direction as I mention the smelter workers. I never rise to speak in this chamber on a question such as this without having in mind the industry at Trail, and I think of those men tramping up the hill to the smelter each day. Many of them, owing to changing circumstances of life and the difficulty of securing a place to live, have to stay in some cases 30 miles from their place of employment, and I suggest that consideration be given to the recognition of these unusual travelling expenses occasioned by the circumstances in which many of these men live.

When one considers that a commercial traveller, travelling long distances to sell, on occasion, quite unnecessary commodities, or insurance agents travelling all over the country, are allowed to deduct the cost of travelling from their income as a legitimate expense, I think the minister might well be asked to give consideration to the situation of those groups of employees which have been mentioned by previous speakers, and more recently by the hon. member for Kootenay West.

(Translation):

Mr. Lessard (Lake St. John): Mr. Chairman, I would not like to see this debate come to an end before having had an opportunity to say a few words, since the Saguenay area of which I represent a county has lots of pulpwood. There are in fact several lumber companies operating mills and therefore a great number of cords of wood are cut there each year.

The lumber companies, for some time now, have changed their way of doing. The method of cutting wood has changed and the workers now must get rather expensive power saws which do not last very long. I feel that the amendment moved by the hon. member for Comox-Alberni (Mr. Barnett) makes a very important point since the lumber companies are in fact the only ones to benefit from mechanization.

Workers probably work less hard physically but, on the other hand, the work periods in the bush are shorter and expenses higher. The lumber companies no longer build camps where they have their logging operations; the workers must therefore get there by truck and give the contractor what it costs to take them from the camp to the work site. In my opinion, the situation having changed, the Minister of Finance should really consider the advisability of extending those exemptions to the bush workers who are quite often far from home for rather long periods and who are unable, because of that recent change, to bring home as much money as they used to.

I understand that this would entail a loss of revenue for the department but I feel that the act works against the small wage earners while sources of revenue that could greatly help the Minister of Finance to balance his budget are disregarded.

I find it strange that, during this debate, there was hardly any talk about how it would have been advantageous for Canada if the Minister of Finance had imposed a tax on capital gains. I am aware that Canada is one of the few countries where capital gains are not taxed. Such a tax is levied in Europe and

in the United States but not here in Canada. It is claimed that to impose a tax on capital gains would drive American investments away from Canada.

Well, if the minister felt it was appropriate, in the earlier introduction of his budget, to levy a 30 per cent tax on the sale of Canadian securities to Americans, if the United States government is now levying a tax on American investments in Canada, I feel that it would be wise for Canada to consider levying a tax on capital gains. I realize that it would be difficult to apply and that it would cover an extensive field because capital gains can include gains on the sale of capital investments, of buildings of any kind.

In my opinion, this tax could be levied against gains which accrue from stock market transactions. That sector remains untouched at present. Yet, it is a domain where huge benefits are made at the expense of the small man. As things stand at present, in Canada, when we have to find new revenue sources for the government, I feel that the minister would have been much wiser if he had levied a tax on the benefits made on stock market transactions instead of establishing an 11 per cent tax on building materials.

Mr. Chairman, it is my opinion that this matter should be looked into.

I realize that this matter was discussed neither by representatives of the Conservative party nor by those of the Liberal party, because they seem committed to the protection of the interest of large investors, more particularly the funds handlers.

I think that our party is in a good position, as I am myself, to suggest to the government to consider the opportunity to impose a tax on profits arising from the sale of corporation bonds and shares on the stock exchange. Those sales constitute a source of revenues which seems important, and the imposition of a tax would probably prevent many transactions which, at the present time, are certainly not made with a view to contributing to the welfare of industry or of the Canadian people.

(Text):

Mr. Howe (Wellington-Huron): Mr. Chairman, representations have been made with regard to those workers who have to leave their homes to carry on their way of life. I should like to say something on behalf of the railway workers. In this day and age when so many changes and abandonment of railway lines are taking place, many elderly railway workers have found themselves faced with the necessity of moving to another place of residence. To them this is not economically sound. They feel they would like to retain their homes where they have lived for so many years, but they have to move to some other area to carry on their work. Many of them have complained to me about the fact that, like members of parliament, they have to maintain two places of residence.

In my view some consideration should be given to workers of this type who not only have to maintain the residence they have had for so many years, but have to move from there because of the fact that their employment has disappeared in the place where they have lived so long. I would ask the minister to give consideration to workers of this type.

Mr. Knowles: Mr. Chairman, I too should like to support the representations made by the hon. member for Comox-Alberni and others who have spoken more recently, but I rise at this moment to ask the Minister of Finance to take a look at still another subject when he reviews the whole matter of the Income Tax Act. I refer to the right that is accorded to trade unionists and others to deduct their dues for income tax purposes. As the minister knows, that right is spelled out in subsection 10 of section 11 of the Income Tax Act. It is accorded not only to members of trade unions as defined in the act, but also to members of various other kinds of associations to which people belong for the purpose of improving their conditions of employment.

However, subsection 12 of the same section limits to a certain extent the amount of the dues that can be deducted. There are three limitations set out in subsection 12. The first two have to do with superannuation funds, pension funds, annuities and so on, and one can readily understand those limitations. As a matter of fact, unions that have pension plan payments included in their dues usually get deductibility for the payments into those pension plans under legislation with regard to pension plans as such. But the third limitation reads as follows:

> (c) for any other purpose not directly related to the ordinary operating expenses of the association or trade union to which they were paid.

Under this limitation it has been provided somewhere, by regulation or administrative decision, that trade unionists are not permitted in most cases to deduct the full amount of the dues they pay to their unions. I should like the minister to take a serious look at that situation. I do not expect him

to have the answer at this moment, but perhaps this can be notice to him that when we get to his estimates I should like to have a discussion of this matter.

For example, there are unions that go in for the construction of buildings which are necessary as part of the work of the union, and the members are required to pay a portion of their dues for these building funds. There are also other purposes that arise. Strike benefits sometimes impose an extra charge on members of unions. It seems to me that in all cases these payments come under the definition of money that members are required to pay to promote the improvement of members' conditions of employment and of work, and I regret that it has been found appropriate to make the kind of deductions that are made under the provisions of subsection 12, paragraph (c).

The result is that among trade unionists the percentage of their dues that they are allowed to deduct varies. Some are permitted to deduct quite a large percentage of their dues and some a much smaller percentage. As I say, this is a situation that has existed for quite some time. As far as I can ascertain, there has been no change in the practice since this provision was first brought in by Mr. Abbott when he was minister of finance I think the present Minister of Finance is undoubtedly looking for places to improve this kind of legislation. I hope he will take a good look at this point, and that if he cannot do something about it in the bill to be brought in momentarily he will be prepared to discuss the matter when we reach his departmental estimates.

Mr. Gordon: Mr. Chairman, I am grateful to all hon. members of the committee for their contributions, and I can assure them I will take their views into very serious consideration; not, I am afraid, before the bill is introduced, which I hope will be momentarily, but certainly before the next budget. I hope that very early in the fall any hon. members who have any suggestions to make respecting changes in the existing tax legislation will give me the benefit of their views well before the budget is put together.

(Translation):

Mr. Perron: Mr. Chairman, since we are now discussing section 11, paragraph 10, of the resolution concerning the Income Tax Act and because my riding, instead of enjoying the benefit of having vast industrial empires, has for the most part low income workers, especially bush workers who, most of the time, have to leave for the United States where they barely manage to earn a living and suffer from the devaluation of our Canadian dollar compared to the U.S. dollar, I have a few comments to make.

Those people who, like many others, wish to come back home for the week end to discharge some of their duties as fathers, must pay for their transportation. It was pointed out a while ago that travelling salesmen, insurance agents and persons employed in several other fields, such as salaried workers and employees paid on commission, benefit from income tax deductions.

On behalf of the bush workers in my riding and the surrounding area—those people who, for over 20 years, have been given to understand that means are being sought to have them benefit from unemployment insurance when they come back for six months in their country—I cannot let this opportunity go by without asking for the revision of the income tax form for the low salaried workers and particularly the lumberjacks. In the Social Credit program there is an article which provides for the deduction from gross income of the cost of machinery and equipment that lumberjacks must get to work in the woods.

We also feel it would be advisable to revise the Income Tax Act as regards the salary of garage employees. Most of those employees are required today to have $300, $400 or $500 worth of tools, which they often break while doing their work. So if, in the case of certain jobs, the cost of equipment can be deducted from gross income, I think the time has come to consider giving bush workers and garage employees the right to deduct from their gross income the cost of the machines or tools they use in their work. Moreover, the 11 per cent tax, called the sales tax on building materials, also affects the bush workers of my constituency.

Most of the time the small wage earners—who are already sadly tried as they hardly work more than six or seven months a year, after which unemployment insurance is their only income—are unfortunately those affected by that tax.

I wonder if we should not take this fact into consideration and allow these workers, when in April they file their income tax return, to deduct the cost of the equipment they use to earn their living since the government must refund the entire amount collected during their period of employment.

In my opinion, the Income Tax Act should be completely revised as far as low income groups are concerned, those who earn only $2,000, $3,000 or $4,000 a year.

I am not going to suggest that taxes should be imposed in other fields, since I support in this house the Social Credit doctrine, because we have advocated some other formulas likely to balance government budgets without resorting to taxation, which has become a heavy burden for all classes of society, but mainly for the little people, the lower income groups who bear most of it through direct or indirect taxes included in the cost of goods and services.

It is easy to pretend that taxes will be paid by large companies, but through the process of accounting—

The Chairman: Order. May I point out to the hon. member that his comments should deal more specifically with the resolution before the committee. It seems to me that the remarks he has just made refer to the imposition of taxes in general, but he should restrict himself to the resolution now under consideration by the committee.

Mr. Perron: Thank you, Mr. Chairman. I was just coming back to it, and I was giving as an example the cost of tools, machines and equipment of the loggers. In the last five years the price of the chainsaws used by the bushworkers has nearly increased by 25 per cent, not on account of direct taxation, but probably because of indirect taxes. Bushworkers, small wage earners, all those who suffer most from the high cost of living, because they do not have the necessary income to meet it, should at least benefit from the amendments to the Income Tax Act.

I feel that the suggestions we heard this afternoon should be seriously considered, and I hope that in the not too distant future the necessary adjustments will be made on the income tax form.

Mr. Ricard: Mr. Chairman, I do not want to delay the study of this resolution but I cannot miss this opportunity of passing on to the Minister of Finance the request from the low income citizens of my constituency.

As the minister knows, people with a small income find it very difficult to make both ends meet at the end of the year. Therefore I would ask the minister, on their behalf, to consider raising personal exemptions to $3,000 for married people and to $2,000 for unmarried people for, as the cost of living goes on increasing, people in the lower income brackets have a hard time making both ends meet.

That is why, without making a long speech, I would ask the minister to consider immediately such a possibility.

(Text):

Mr. Barnett: Mr. Chairman, I should like to raise one other matter for the attention of the committee, in case it might have been lost in the shuffle of the political events that have occurred in the not too distant past. On February 4 of this year I received a joint communication from four volunteer fire brigades in my district. I had to reply on February 6 that, because of circumstances beyond my control, I could not do anything for the time being about the suggestion they brought to my attention. I do not know whether the present Minister of Finance has had any representations along these lines, but I have had a communication on the same subject from the same source since he took office.

I think perhaps I can briefly set out the point best by putting on the record a resolution which was passed by the British Columbia fire chiefs association in respect of volunteer firemen. It reads as follows:

> Whereas the Department of National Revenue has recognized that all volunteer firemen have expenses in connection with their services, and
>
> Whereas many volunteer firemen are not reimbursed for such expenses while others are, and
>
> Whereas only volunteer firemen receiving remuneration up to a maximum of $300 per annum are eligible to claim tax exemptions, and
>
> Whereas this discriminatory section of the Income Tax Act is not in the best interests of the Canadian fire service,
>
> Therefore be it resolved that the B.C. fire chiefs association request the Minister of Finance to take whatever steps are necessary to have the Income Tax Act amended to allow a basic tax exemption of $300 per annum for all volunteer firemen.

I think it is obvious from the text of this resolution, and from the source from which I received it, that this is a matter which is of concern principally to the smaller brigades across the country who feel that they have been left out of the expense allowance which, in fact, is given to the members of the larger forces. I hope that this is a matter to which the minister will give his attention, as he suggested, prior to the introduction of the next budget.

The Chairman: Have we completed the discussion on paragraph 1?

Mr. Nowlan: No, Mr. Chairman. We had a long discussion on this item on Friday and I do not propose to take much of the time of the committee in going over the ground which we covered on that day. This section, as we pointed out on that occasion, deals

with the principle of incentives under certain circumstances and to businesses of certain classes. It also has combined with it the definition of a corporation which has a certain degree of Canadian ownership.

The minister, in the course of a long discussion and questioning which we had on Friday, stated that one of the principal purposes of the provision was the modernization of Canadian plants and Canadian equipment. He pointed out that with a highly competitive economy it was very necessary to have the most modern, efficient plants and equipment. I think that is something with which every member of the committee would be in full agreement. He stated also that the other aim of the resolution was to create employment and stressed again, as he did in his budget speech, the fact that unemployment was one of the main problems of the nation. He suggested to the committee that when this resolution was enacted it would go some considerable degree towards the relief of unemployment, or in other words that it would contribute to a greater degree of employment.

At this time I am not discussing the principle of incentives. There are differences of opinion as to how much incentives may accomplish, but I am taking the minister's statements on these two points, (a) the modernization of equipment and (b) employment, and I say to the minister that if we accept that, as I am sure we all do, then it certainly is not necessary to have coupled with this paragraph the definition of a degree of Canadian ownership. The reason is that every plant in the country engaged in production, whether it be owned by a Canadian or somebody else, should have the most efficient machinery and plant possible. In other words everybody who can be employed should be employed.

To use the illustration I gave the other day, the mere fact that one person is working for General Motors and another person is working for Ford, and one company has a degree of Canadian ownership and the other does not, is a factor which has no relation to either of the persons who have jobs.

If this resolution is going to accomplish what the minister said it would, then I would suggest it should be given the widest possible scope and should apply to all plants regardless of ownership, provided they are operating in a legitimate manner in Canada. That can be done very easily when it comes to the bill, by the minister simply amending the resolution before us by deleting the definition in this paragraph. We all know the minister has strong opinions in this field, but if he is determined to go ahead with the propagation of his belief at this time, I would suggest that he simply drop the rest of the paragraph and carry it over to the one dealing with the withholding tax, where it properly belongs. I suggest it has no place whatever in this paragraph, in view of what the minister himself said was the purpose of this part of the resolution.

He could accomplish the same purpose if the paragraph stopped after the words—

> —if the property has been acquired by a taxpayer in a taxation year for a manufacturing or processing business in Canada.

If this were done it would cover all Canadians and would be of great assistance to both efficiency of plant and employment. I hope that when the minister brings in the bill he will consider this; but I repeat that if he feels strongly about this matter, as I know he does, then this definition properly belongs with the withholding tax and not here. I cannot help feeling that some draftsman in a hurry stuck it on the wrong paragraph, and that is all I have to say.

Mr. Monteith: The hon. member for Digby-Annapolis-Kings mentioned the possibility that the minister might consider segregating these two parts of paragraph 1. I would be heartily in accord with that suggestion, in that I think that if more employment is to be arrived at there must not be any differentiation between two companies of a comparable basis, as for example General Motors and Ford.

With regard to the suggestion that the definition clause apply to paragraphs 6, 7, 8 and 9, I agree that the minister should give further consideration to this so that when he brings in the bill there will not be this discrimination and penalty against those now owning United States subsidiaries in Canada.

Let us consider for a moment what might happen if a company, in order to meet the requirements of this provision, were to dispose of some of its Canadian holdings. What would happen to the funds? They would go to the United States if it were an American concern. They would automatically go out of the country, and this would create a further strain on our foreign exchange. Also, if a company were to dispose of part of its Canadian shares I think it would undoubtedly take whatever surpluses there were in the company to the United States before disposing of Canadian shares, and this again would be a drain upon our foreign exchange.

I suggest that the minister give further consideration to this suggestion so that he might amend this paragraph to a degree that it would not be a penalty against foreign controlled companies. The incentive should be to Canadian investors to invest in equities in Canada.

I shall not say any more. I agree entirely with what the hon. member for Digby-Annapolis-Kings said earlier about segregating the two parts of the paragraph, but I also feel that if the minister is going to go ahead with this, then at least he should give some further consideration towards amelioration of the severity of paragraphs 6, 7, 8, 9 and 10 as they now stand.

The Chairman: Is consideration of the paragraph completed?

Some hon. Members: Carried.

The Chairman: Paragraph 6?

Some hon. Members: Carried.

The Chairman: Paragraph 7?

Some hon. Members: Carried.

The Chairman: Paragraph 8?

Some hon. Members: Carried.

The Chairman: Paragraph 9?

Mr. Nowlan: I have just one word to say in connection with all these paragraphs which deal with the withholding tax and the change in the rate, in some cases dropping down to 10 per cent, or alternatively going up to 20 per cent under certain circumstances. I spoke about them at some length previously and I do not propose to repeat my arguments.

This is a bad principle. The minister is committed to it, but in view of the developments of the last few days in the situation vis-à-vis the United States, and having to deal with that country in many involved financial matters, it may be recalled that something was said about the Secretary of State for External Affairs having a discussion with the ambassador. We know that later on there were discussions with Dillon, George Ball and others in Washington.

I can quite believe the retort which one might get in such a discussion, "Very well, Mr. Canada, but you have yourself imposed certain forms of taxation and have taken certain action—"

Mr. Gordon: Would the hon. member permit me to ask him a question?

Mr. Nowlan: Right.

Mr. Gordon: There have been very important discussions with the American authorities over the last week. They were very cordial discussions and, as I said before, the American officials have been more than co-operative. Is he suggesting that this subject was raised?

Mr. Nowlan: I am not suggesting it was raised at that time, but I would be very much surprised if it were not. I cannot imagine your sitting down with the financial officials of the United States and talking about financial problems without talking about this phase of them.

But I am saying that when we do raise these problems we might very easily be faced with the fact that because of our action in incorporating this principle it is very difficult for us to object if a similar form of action should be taken by the United States or any other country. We have the problem of renegotiating treaties. I am not going into the details here, Mr. Chairman. In his answer the other day the minister said no action had been taken with respect to renegotiation of the treaty or abrogation of its sections. I think it would be easy enough for us to renegotiate the treaty between today and the date the penal effect would become effective. I wonder whether any consideration has been given to that matter.

I remember a time not too long ago when we in this country had a succession duty treaty with the United States. As hon. members know, parliament in its wisdom decided to change from the principle of succession duty to that of estate tax. It was a different form of taxation but the principle was exactly the same. But what happened? We had a treaty, as I said, in which the words "succession duty" were used. We had to renegotiate another treaty with the United States incorporating estate tax. There was no objection to it in the United States; it was a relatively simple amendment to make; but I happen to know that the life of the minister of national revenue of that time was made miserable for two or three months by people who had been having taxes imposed without the benefit of a treaty, because they just could not find time, despite their willingness to co-operate, to get it through on the floor of the United States senate. This is not easy to do, despite the level of friendly relations that may exist between our two countries, and despite whatever promises may have been given by the executive. I presume promises have been given to deal with this matter rapidly. However, Mr. Chairman, I am suggesting that there will be difficulty in getting the treaty through on the floor of the senate, no matter how co-operative they want to be. We know how long it takes sometimes to get legislation through this house.

I think it would have been much better to have had the renegotiation take place before the cut off date, if any, is reached. We have given notice of it anyway. I think this would be better, rather than putting the cart before the horse and committing ourselves to doing certain things by a certain date, and wondering afterwards whether we are going to be able to renegotiate the treaties in order to do them.

I will not spend any more time on this question now, Mr. Chairman; I think we have already spent sufficient time on it. We will see the legislation when it comes before us. I simply want to say that we on this side of the chamber do not approve of this principle; we think it is bad. I suggest that this matter should be given further consideration. I read a newspaper article the other day which said the minister has had this principle in mind for ten years. I refer to the principle of greater Canadianism, which is a good principle. But if he has had it in mind for ten years, a few more months will not be much of a delay and it might be better to wait, say six months, to savour the atmosphere, find out what the developments are going to be and arrange for renegotiation of the treaties. Then things will move much more smoothly and quickly for the improvement of the economy of our two countries than I fear will be the case if we go ahead on this basis.

The Chairman: Shall the resolution carry?

Resolution agreed to.

Resolution reported and concurred in.

EXCISE TAX ACT

The Chairman: Order. House in committee of ways and means to amend the Excise Tax Act. Shall the resolution carry?

Mr. Pickersgill: Mr. Chairman, I think there is some question about which resolution is before the committee and I wonder whether there could be the same agreement that there was before, that without any additional formalities we would consider the resolution of which my hon. friend gave notice on July 8.

Mr. Nowlan: That is agreeable to us, Mr. Chairman.

The Chairman: Is it agreed that the committee shall consider the resolution as submitted on July 8?

Mr. Knowles: Mr. Chairman, if in effect the government is asking unanimous consent so to do, we are prepared to give that consent.

Mr. Nowlan: Without restricting the debate in any way.

Mr. Pickersgill: I think it is understood, Mr. Chairman, as my hon. friend from Digby-Annapolis-Kings has said, that there shall be no restriction of such debate as anyone would have wished on the earlier motion.

Mr. Lambert: On the Excise Tax Act resolution.

Mr. Pickersgill: Yes, Mr. Chairman; as the hon. member for Edmonton West has said, on the Excise Tax Act resolution. We do not want to open up the income tax and customs tariff resolutions again.

EXCISE TAX ACT

Resolved,—That it is expedient to introduce a measure to amend the Excise Tax Act and to provide among other things:

1. That the present exemption from sales tax for certain building materials be withdrawn by repealing the exemption for all goods mentioned under the heading "Building Materials" in Schedule III of the said Act and by repealing the exemptions for

(a) "Creosote oil and other wood preservatives when for use exclusively in the treatment of timber, poles or lumber;"

(b) "Railway ties;"

(c) "Goods for use as part of sewerage and drainage systems, and articles and materials to be used exclusively in the manufacture thereof;"

2. That any enactment based on paragraph 1 of this resolution provide that

(a) goods for use as part of sewerage and drainage systems be exempt from sales tax when sold to or imported by a municipality for its own use and not for resale;

(b) any transfer of a sewerage or drainage system to a municipality by any person within two years after the completion thereof, pursuant to a bylaw of or agreement with that municipality under which that person is required to instal such system and transfer it without charge to that municipality after the completion thereof be deemed, for the purpose of section 46 of the said act, to be a sale to the municipality for its own use and not for resale of goods for use as part of a sewerage or drainage system,

and that any agency operating a sewerage or drainage system for or on behalf of a municipality may be declared by the minister to be a municipality for the purpose of this paragraph.

3. That any enactment based on paragraph 1 of this resolution provide that drain tile for agricultural purposes and materials to be used exclusively in the manufacture thereof be exempt from sales tax.

4. That any enactment founded on paragraph 1 of this resolution provide that where materials have been purchased by or on behalf of a school, university or other similar educational institution for use exclusively in the construction of a building for that institution and the tax imposed by Part VI of the said act has been paid in respect of those materials, the Minister of National Revenue may upon application by the institution in such form as the minister prescribes made to the minister within two years from the time the materials were purchased, pay to the institution an amount equal to that tax.

5. That any enactment founded on paragraph 1 of this resolution provide that a person who

(a) manufactures or produces a building or other structure, in competition with persons who con- or erection thereof, in competition with persons who construct or erect similar buildings or structures not so manufactured or produced,

(b) manufactures or produces otherwise than at the site of construction or erection of a building or other structure, structural building sections for incorporation into such building or structure, in comptetition with persons who construct or erect buildings or other structures that incorporate similar sections not so manufactured or produced, or

(c) manufactures or produces concrete or cinder building blocks, be deemed for the purposes of the said act not to be, in relation to any such building,

structure, building sections or building blocks so manufactured or produced by him the manufacturer or producer thereof.

6. That the present exemption from sales tax for "Seventy five per cent of the sale price if manufactured in Canada, or seventy five per cent of the duty paid value if imported, of trailers for use as homes" be changed to read "Twenty five per cent of the sale price if manufactured in Canada, or twenty five per cent of the duty-paid value if imported, of trailers for use as homes".

7. That the present exemption for certain machinery and apparatus to be used in manufacture or production be withdrawn by repealing the exemption for all goods mentioned under the headings "Machinery and Apparatus to be used in Manufacture or Production" and "Engines" in Schedule III of the said Act and by repealing the exemptions for

(a) "Seismic shot-hole casing and materials used in the manufacture thereof;"

(b) "Tires and tubes for use exclusively on the machinery enumerated in Customs Tariff Item 411a."

(c) Goods enumerated in customs tariff items 399a, 399b, 399c, 411a, 417, 431h, 439c, 848, 848a and 848b.

8. That any enactment founded on paragraph 7 of this resolution provide that traction engines for farm purposes and accessories therefor (not including machines and tools for operation by such engines) and complete parts of all the foregoing, and materials to be used exclusively in the manufacture of the said engines, accessories or parts be exempt from sales tax.

9. That any enactment founded on paragraph 7 of this resolution provide that farm wagons, including four-wheeled farm wagons equipped to be tractor drawn and farm sleds, and materials to be used exclusively in the manufacture thereof be exempt from sales tax.

10. That the present exemption from sales tax for "Photographs, paintings, pastels, drawing and other art work and illustrations of all kinds, whether originals, copies or proofs, and printing plates made to reproduce the same, for use exclusively as non-advertising news pictures or for illustrating non-advertising articles or stories in periodical publications enjoying second-class mailing privileges, the pages of which are regularly bound, wired, stitched or otherwise fastened together;" be changed to read "Typesetting and composition, metal plates, cylinders, matrices, film, art work, designs, photographs, rubber material, plastic material and paper material, when impressed with or displaying or carrying an image for reproduction by printing, made or imported by or sold to a manufacturer or producer for use exclusively in the manufacture or production of printed matter."

11. That feeds for fish, supplements for addition to such feeds, and materials to be used exclusively in the manufacture of such feeds or supplements be exempt from sales tax.

12. That the exemption from sales tax for materials for use in the equipment and repair of ships over ten tons net register tonnage be restricted to materials for use in the equipment and repair of ships to be used exclusively for commercial purposes.

13. That the present exemption from sales tax for "Bakers' cakes and pies including biscuits, cookies or other similar articles;" be changed to read "Bakers' cakes and pies including biscuits, cookies and similar articles but not including simulated chocolate bars or candy bars;".

14. That the export duty of three one hundredths of one cent per kilowatt hour on electrical power exported from Canada be repealed.

[Mr. Pickersgill.]

15. That any enactment founded on paragraphs 1 to 13 of this resolution be deemed to have come into force on June 14, 1963, and any enactment founded on paragraph 14 of this resolution be applicable in respect of electrical power exported after June, 1963.

16. That with respect to the period commencing June 14, 1963 and ending March 31, 1964, the rate of tax payable under Part VI of the said act in respect of any goods for which exemption from tax was withdrawn by any enactment founded on paragraphs 1 and 7 of this resolution be four per cent instead of eight per cent, and that with respect to the period commencing June 14, 1963 and ending December 31, 1964 the rate of tax payable under subsection (1) of section 10 of the Old Age Security Act in respect of any such goods be nil.

17. That the said measure further provide that

(a) where any tax under Part VI of the said act has become payable by any person in respect of any goods for which exemption for tax under that part was withdrawn by any enactment founded on paragraphs 1 and 7 of this resolution, which goods were, not later than December 31, 1964, sold and delivered by that person, or applied by that person to a use resulting in the property in the goods passing from that person, pursuant to a bona fide contract in writing

(i) that provided for the sale of those goods or their application to that use for a fixed amount stated in the contract and that did not permit the adding of the tax to the amount payable to that person under the contract, and

(ii) that was signed by the parties thereto

(A) on or before June 13, 1963, or

(B) after June 13, 1963, if the contract was entered into in accordance with the terms of a tender in writing submitted by that person on or before that day whereby that person undertook to enter into such a contract and in default of so doing to incur or cause to be incurred a pecuniary penalty whether by forfeiture of a security deposit or otherwise,

a refund, or deduction from any of the taxes imposed by the said act, of the tax or such part thereof as could not under the contract be added to the amount payable to that person thereunder may be granted to that person; and

(b) where any goods for which exemption from tax under Part VI of the said act was withdrawn by any enactment founded on paragraphs 1 and 7 of this resolution were, after June 13, 1963 and not later than December 31, 1964, sold and delivered by any person, or applied by any person to a use resulting in the property in the goods passing from that person, pursuant to a bona fide contract in writing

(i) that provided for the sale of those goods or their application to that use for a fixed amount stated in the contract and that did not permit the adding of any tax under that part that became payable after June 13, 1963 in respect of those goods to the amount payable to that person under the contract, and

(ii) that was signed by the parties thereto

(A) on or before June 13, 1963, or

(B) after June 13, 1963, if the contract was entered into in accordance with the terms of a tender in writing submitted by that person on or before that day whereby that person undertook to enter into such a contract and in default of so doing to incur or cause to be incurred a pecuniary penalty whether by forfeiture of a security deposit or otherwise,

an amount equal to the tax or such part thereof as could not under the contract be added to the amount payable to that person thereunder may, where application therefor is made to the Minister of National Revenue by that person in such form

as the minister prescribes within two years from the time the goods were delivered by that person or applied by him to that use, and the minister is satisfied that the tax has been paid, be paid by the minister to that person.

Mr. Gordon: Mr. Chairman, the Excise Tax Act resolution which is now before the committee sets forth a variety of proposals in 17 numbered paragraphs. Before considering these individually it might be helpful for me to make some comments on the resolution as a whole. The most important provisions are in paragraphs 1 and 7, which provide for the withdrawal of the present exemptions for certain building materials and construction machinery with the effect of imposing a manufacturers sales tax on these commodities. Provision is made for new exemptions and for the continuation of existing exemptions as follows:

In paragraph 2, for municipal sewerage and drainage systems; in paragraphs 3, 8 and 9, for certain materials and machinery for agricultural purposes; in paragraph 4, for schools, universities and similar educational institutions; in paragraph 5, for certain components of buildings manufactured off site in competition with components manufactured on the construction site and exempt from tax; in paragraph 10, for materials used in newspapers and periodicals; in paragraph 11, for feeds for fish. Paragraph 12 proposes the withdrawal of exemption from sales tax for materials entering into the equipment and repair of private yachts and other non-commercial ships. Paragraph 13 is introduced to provide a greater measure of equity for the manufacturers of candy bars by withdrawing exemptions for certain confectionery products which resemble candy bars. Paragraph 14 repeals the existing export duty on electricity. Paragraph 16 provides for the application of the sales tax to previously exempt commodities in three stages, 4 per cent until March 31, 1964; 8 per cent thereafter until December 31, 1964; and 11 per cent from the beginning of 1965. Paragraph 17 provides relief in respect of goods sold and delivered prior to December 31, 1964 under certain fixed price contracts or tenders involving pecuniary penalties which were in effect prior to the budget.

It was indicated in the budget speech that the withdrawal of exemptions from building materials and production machinery could not be expected to be a popular move. I do not think that was an exaggerated statement. Tax increases are never accepted easily, particularly by those directly affected, and this is understandable. Nevertheless it was and still is my considered judgment that these amendments will be less harmful to the economy than the alternatives of obtaining similar amounts of revenue from any other tax sources. In order to obtain the additional revenues expected from withdrawing the exemptions for building materials and production machinery it would have been necessary to increase other taxes by very substantial amounts. For example, the government might instead have recommended a 33⅓ per cent increase in the rate of sales tax; that is, from the present 11 per cent to 14½ per cent. But to do this would have enhanced the marginal inequities which now exist between commodities subject to the sales tax and those which are exempt; and of course any move of that kind would have borne particularly heavily on people in the lower income groups. The government could have recommended the addition of a 20 per cent surtax on personal income taxes. This substantial increase would have had to be applied even at the lowest levels of income and this would have undoubtedly involved very severe hardship. In the present circumstances the government would not be prepared to recommend a measure of that kind. The government could have proposed the addition of 9½ points to the rate of corporation income tax, which would have had the effect of increasing the top rate—that is, the 50 per cent rate—by 23 per cent. The economic effect on corporate industry of a measure of this kind would have been very damaging and the effect on employment would have been worse. Criticisms have been made of the measures we have put forward, and I dare say there will be more of them during the course of the discussion in committee. I suggest that anyone who wishes to criticize responsibly should try to indicate as clearly as possible—and I must say this was done by the hon. member for Nanaimo-Cowichan-The Islands—the alternative course which he believes should have been adopted.

In addition to the measures and reliefs set forth in the resolution, hon. members may find it useful to be reminded of others. Special measures were announced in the budget in connection with interest rates and other terms of lending applicable to N.H.A. mortgages. These are designed to relieve the purchasers of new houses financed in this way from most of the burden of the increased sales tax on construction materials, and certainly all of the burden at the 4 per cent or even the 8 per cent rate. Important continuing exemptions from sales tax have been left untouched, including those for hospitals and those for homes for the aged. In addition I should refer to the exemptions in respect of farm machinery, crushed stone, sand and gravel and a list of goods purchased by municipalities.

Excise Tax Act

Dealing with the first paragraph of the resolution, Mr. Chairman, this proposes that the exemption from sales tax for the building materials listed in schedule III of the Excise Tax Act be withdrawn. This withdrawal covers the materials listed under the heading of building materials in the schedule, and three other items listed elsewhere in the schedule. With regard to the sales tax it might be useful to hon. members if I said a word or two about its origins. The sales tax was introduced in May 1920 at the rate of 1 per cent. As originally introduced it gave an important advantage to retailers, who could purchase directly from the factory, and the tax lasted less than a month in its original form. In June 1920 the then minister of finance introduced important amendments to change the tax into a modified form of turnover tax. The present form of single stage tax dates from 1924. There was no exemption for building materials till 1938 when a list of items described as the major products used for the building of houses were made exempt. These exemptions were withdrawn in April 1941 but were reintroduced in May 1945. The rate of sales tax imposed by the Excise Tax Act has been 8 per cent since May 1936, except for the period April 10, 1951 to December 31, 1951, when it was 10 per cent. Commencing on January 1, 1952 the rate of tax under the Excise Tax Act reverted to 8 per cent, and an additional 2 per cent was imposed under the Old Age Security Act. In April 1959 the tax imposed under the Old Age Security Act was increased to 3 per cent to produce a combined total rate of 11 per cent, which still prevails.

I think I should put on the record the revenue from sales tax, and with the approval of the committee I will do that now. Before broadening the base of the tax by withdrawing the exemption for building materials and production machinery, the sales tax was expected to produce in 1963-64 for budgetary account some $840 million, and for the O.A.S. fund an additional $315 million, for a total of $1,155 million. In 1962-63 the sales tax produced 44 per cent of the total revenue from old age security taxes, and 15 per cent of the total budgetary tax revenue. In order to obtain $360 million additional revenue which is expected from withdrawing the exemptions for building materials and production machinery, alternative tax changes would have to be introduced of the magnitudes to which I referred a few minutes ago.

The withdrawal of the sales tax exemption will eventually add an amount to the price of building materials equal to 11 per cent of the manufacturers' selling price of these goods. The tax will not be 11 per cent of the retail price; nor should it be as much as 11 per cent of the price which building contractors pay for building materials. Moreover, building materials seldom account for more than half the cost of a building, and not all materials used in buildings were exempt from tax before the budget. Therefore the withdrawal of the exemptions announced in the budget is not likely to add as much as 5 per cent to the cost of buildings even when the tax is in effect at the full rate. I am supported in this statement by the Canadian construction association, for example, which in its brief which it presented some weeks ago estimated that the addition to construction costs will be somewhere between 4 and 5 per cent.

It has been charged that withdrawal of the exemption for building materials will seriously reduce investment and employment, yet repeated increases in construction costs exceeding 4 or 5 per cent have been experienced in recent years as a result of increases in other costs, including wages, and these have not restricted construction. It is estimated that the withdrawal of the exemption for building materials announced in the budget speech will ultimately raise the selling price of houses—I emphasize this is ultimately, by 1965—by between 3½ and 4½ per cent. In other words, the increases might be as follows: The price of a house now selling at $13,000 might be increased by $520; a $15,000 house might rise in price by $600. On the other hand, the proposals to reduce the down payment and lower the rate of interest in connection with mortgage loans made under the National Housing Act will to a large extent offset these additions to the original cost.

I should also like to point out to hon. members of the committee that the sales tax was always intended to be a tax of general application. Some exemptions, such as those for foodstuffs, are necessary to prevent placing too heavy a load on low income groups, and other exemptions tend to create anomalies and unfair competitive positions.

The sales tax, since its beginning, has applied to many commodities which are as important as housing, if not more important than housing to certain people, yet this has not had adverse effects on the economy. For example, the following have been subject to tax for many years:

All clothing, including boots and shoes; furniture for the home or office; home appliances, including cooking stoves, refrigerators, washing machines, television sets and radios; home furnishings, including curtains, drapes, bedding, towels and rugs; automobiles, gasoline and automobile parts and accessories.

The exemptions for building materials before this year's budget did not apply to all

materials used in building a house. For example, all electric wiring and electric fixtures were taxed. All pipes in a plumbing system, other than drainage pipes, were taxed. All fasteners, including nails were taxed.

The budget speech announced that the National Housing Act would be amended in such a way as to reduce the down payment required in connection with mortgage loans made under it. National Housing Act loans will be extended so as to cover 95 per cent of the first $13,000 instead of the first $12,000 of the value of a house and the maximum loan amount will be raised from $14,900 to $15,600.

Second, it was announced in the budget speech that a reduction would take place in the National Housing Act lending rate from 6½ per cent to 6¼ per cent. Third, shortly before the presentation of the budget, the government announced a program to encourage house building in the winter months. Fourth, the introduction of the tax in stages commencing at 4 per cent will greatly reduce its initial impacts and give business an opportunity to adjust to the change. Fifth, the introduction of the tax in stages will provide a strong incentive to proceed with building construction immediately and should be an important stimulus to the economy of this country. Sixth, the exemption in respect of building materials for the construction of buildings for schools, universities and similar educational institutions provides an important concession in an area where there is a special need for construction.

Paragraph 1(a) deals with creosote oil and wood preservative. This is a form of building material. It is used to treat wood and timber. Since paint is to be taxable this product should also be taxable.

The exemption for creosote oil was added to the law in 1955 to remove an unfair competitive position between timber creosoted in Canada and imported creosoted timber. Before 1955, the creosote or preservatives used to treat timber in Canada bore tax but no tax could be imposed on the creosote in imported timber.

Now that imported timber, including the creosote, is to be taxed this unfair competitive situation has disappeared. In future, manufacturers of taxable timber will be able to buy creosote and other wood preservatives free of sales tax under their sales tax licence. If a timber exporter sends timber to someone else to have it treated with creosote before export he will be able to obtain a drawback of the sales tax resulting from the creosoting operation when he exports the timber.

Logs and unmanufactured timber, including fence posts, telephone poles, etc., remain free of sales tax. If creosote is bought to treat these it will be taxable, or if the poles are sent to a creosoting company the creosote used will bear tax.

I could go on to the other divisions of this paragraph, but perhaps hon. members will prefer me to stop at paragraph 1(a) until they have had a chance to reply to my opening remarks.

Mr. Starr: We have listened while the minister has told us why he is imposing this tax on building products and industrial machinery used by two of our largest employers in this country—the construction industry and the manufacturing industry. This is the type of argument the minister has been putting up ever since he presented his budget. He has been explaining to us which is the less harmful tax and which is the more harmful, and why one should be applied rather than the other. In other words, he seems to have the impression that no one understands what he is doing and that he is the only one who is right, that everyone else must be wrong in the attitude they take with respect to this tax.

I saw a cartoon in the *Globe and Mail* the other day which, I think, reflected the hon. gentleman's attitude very well. It shows the minister driving up the wrong way on a one way street. The car he is driving is all battered; his glasses are shattered. A police officer, evidently, is nearby and the minister is saying to him: "But officer, you just don't understand". This is the situation which has been created in Canada by the application of the sales tax, whether it is levied in one lump sum of 11 per cent as originally intended or whether it is applied in stages. However it is put into effect it is bound to have a most harmful result in these two areas which employ so many Canadians. Instead of those industries moving ahead they will be restricted in their forward movement, and in the employment they are capable of offering, as a consequence of the application of this tax.

But the government has placed this parliament in a most peculiar position, because we have before us a set of budget resolutions which has replaced the original set. We agreed to this being done. It was done on the basis of unanimous consent. But this has given rise to a very strange procedure, particularly in view of the fact that the resolutions which were first presented formed the very basis of a budget. With these resolutions which we now have before us, we virtually have a new budget. This situation was pointed out in the *Globe and Mail* of July 10. The phrase was used—and I quote—"The second budget of Finance Minister Walter Gordon". If that is so, one is tempted to

ask: what happened to the first budget? Well, it has been removed by a process which is strongly reminiscent of sleight of hand. There are those who have been telling us that the Minister of Finance is a financial wizard. Well, when it comes to making budgets disappear with nothing up his sleeve, the phrase certainly applies. I might say he is more than a wizard—he is a magician.

What is the position now with regard to the budget? After all, it must not be forgotten that the budget presented on June 13 received a vote of confidence. I might add that the party I represent did not participate in according this vote of confidence. But following that vote, the government expressed lack of confidence in its own budget by withdrawing the budget as it had been presented. Never, I submit, has there been such a situation of confusion compounded. The government has shown a complete lack of confidence in its own budget. It has swept it under the rug, I submit. The natural consequence should have been the removal of the minister responsible for the production of the budget or the resignation of the government. But neither of these courses has been followed. I want to emphasize that the responsibility does not rest entirely upon the Minister of Finance. Full responsibility rests upon the Prime Minister and his cabinet colleagues. It is a fact that the budget was not presented to the House of Commons without the Prime Minister's consent, and his approval of what it contained.

But neither of the courses I have mentioned has been followed. The government is going on as though nothing had happened. What it is saying in effect is: Let us forget about budget No. 1 and let us deal with budget No. 2. So this is the situation, the incredible position in which the parliament of this country finds itself owing to the ineptitude and confusion displayed by the government, an ineptitude and confusion unprecedented in parliamentary history. This confusion and ineptitude has been shown in the short space of time of two months since parliament convened.

These are the same people who accused the former government of creating confusion and indecision. All one has to do is to sit in the house and ask questions of importance to the nation. What do you get in reply from a government that was elected as a government of decision? We are told that a decision has not yet been made, that the matter is still under consideration.

The budget presented to parliament on June 13 last aroused a storm of protest such as has never been experienced before in the country. It was more than protest: it was revulsion. It swept across all party lines. It came from business groups and organized labour. It came from provincial governments, and that is still going on, I might say. It came from municipalities and the stock exchanges. It came from all those who believed that what was needed was a fiscal and monetary program which would contribute to the expansion of the economy and provide employment.

Mr. Pugh: It came from a lot of Liberals too.

Mr. Starr: Responsible individuals, responsible and representative groups of people with no partisan axe to grind, all knew when the budget was presented that it would not accomplish the objective of providing employment. They all knew that the budget as presented was going to bring about the opposite effect. They all knew that it was a bad budget.

This agitation by all these people throughout the country, which was stirred up regardless of their political affiliation, penetrated finally to the inner councils of the government. When I say "inner councils of the government" I mean that rarefied stratum where only the planners and the economic manipulators are persona grata, that haven of the theorists and the collectivists.

Mr. Byrne: Whom are you reading from?

Mr. Pugh: Not your book, anyway.

Mr. Starr: After the budget was presented the Prime Minister stated—

Mr. Byrne: It sounds like Shakespeare.

Mr. Starr: —that before another budget was presented in the future he was going to seek advice from the business community and industrialists in the country as to what type of budget should be presented. Upon questioning in the house he agreed that probably other groups also such as the agricultural sector—

Mr. Byrne: Mr. Chairman—

An hon. Member: Sit down.

Mr. Byrne: On a point of order, I suggest that the hon. member for Ontario, who was at one time a minister, should know the rules of the house and that he should refer to a minister as the honourable minister and not as he or she or it.

Some hon. Members: Oh, oh.

Mr. Starr: Mr. Chairman, after that nonsensical intervention I think I may carry on. Upon being questioned in the House of Commons the Prime Minister agreed that he would also seek the advice of organized labour and the farmers. And why not? When

the Prime Minister and the Minister of Finance present another budget why should they not ask the advice of these people? It has been proven they were not able to do it on their own, even though they had the advice of whiz kids and students from universities.

We have been told that this budget is directed toward creating employment and cutting down on unemployment. This is the government that prior to and during the election campaign promised the people of the country that they would create full employment. All they wanted was a chance, 60 days of decision, and they would bring about full employment in the country.

Mr. Lamontagne: "No one will suffer".

Mr. Starr: I must say that this budget has been created to create unemployment instead of employment. Regardless of how the 11 per cent sales tax is applied, whether it is applied in three stages or one as was originally intended, the budget still is not one designed to create employment but rather to create unemployment. The 11 per cent tax applies to the construction industry, one of the biggest employers in the country in that it provides work for some 600,000 Canadians. One would have thought that a government that had in mind the creation of employment would have given an incentive, a boost, to that industry so that it would have been able to employ more people. But they have not done so. They have laid a tax upon this industry in order to keep it from expanding.

The government talks about giving an incentive to secondary manufacturing industry in Canada, an industry that employs Canadians on a year-round basis, an industry that was given incentives by the former government to the extent that they were able to increase employment by at least 2 to 2½ per cent each and every year. That industry is now taxed so that it cannot expand, so it cannot maintain the percentage of increase that the former government was able to provide. Here are the two largest employers in Canada taxed by this government in such a way that they will not be able to expand.

The Minister of Finance has made some retreats in one or two areas from his original budget but he has not retreated from the imposition of the sales tax. All he has done is to modify it. He is going to apply it in three stages. This sales tax affects the workingmen of the country, but there is no retreat by the minister. He and the government are determined to tax the working people of this country and not give them any relief.

This was supposed to be a 60 days of decision government. Ninety days have now gone by and all one has to do is to look at the record and he will find that it is a government of 90 days of indecision and confusion, of one fiasco after another. They do not need any help to create these fiascos. I submit that because of their actions and because of their failure to introduce proper legislation to help the unemployment situation they will go down in history as the government of unemployment. This government is now engaged in the business of crippling the economy of the country. All I have to do is read to hon. members some of the things that have been said in respect of the imposition of the sales tax. In the Ottawa *Journal* of July 11 the following appeared:

> L. G. McKimmie, president of the Canadian Lumbermen's Association, said Wednesday the government's revised application of the sales tax on building materials and production machinery will continue to work hardships on the lumber and allied industries. He added that many small operators would be forced out of business.

That means lay-offs of men who are now employed.

> The remarks were included in a letter sent by Mr. McKimmie to finance minister Gordon.

Did he pay any attention to them? He did not. Somebody gave him the idea that if he would modify this proposal and put it into effect in three stages, then the heat would be off and representations would stop.

According to the Toronto *Telegram* of July 10, the Toronto metropolitan homebuilders association intend to keep after finance minister Walter Gordon until it gets the budget sales tax on building materials wiped out altogether. I submit to the minister that this is good advice and he should take this advice if he is interested in promoting employment in this country and not promoting unemployment.

I should like to quote from an editorial in the Winnipeg *Tribune* of July 9:

> Mr. Gordon has in effect brought in four budgets. The first he brought down on June 13. The second came in on June 19 when he rescinded the proposed 30 per cent takeover tax. The third was read for him on June 24 by revenue minister Garland. The fourth came on Monday evening.
>
> It must be admitted that Mr. Gordon improves as he goes along.

I submit, Mr. Chairman, that is good advice to the Minister of Finance and if he wants to improve further along this line he should retract this tax which is going to be such an imposition on the economy of this country. I should like to list some of the protests from some of the industries in this country. I want to read extracts from a publication entitled "Industry", which is published by the Canadian Manufacturers' Association. I read this from the issue of July, 1963:

The measure of manufacturing industry's disappointment with the new federal government's first budget is the measure of the high hopes with which it was awaited—

Alas for great expectations. The dynamic incentives which industry, rightly or wrongly believed it had good reason to anticipate are not so dynamic after all. True, there are a number of corporate inducements of one kind or another in the budget but, for the most part, they prove upon examination to be restrictive and narrow in their application and consequently of limited value.

They say, in effect, they will be paying the tax twice over. This is not just, it is not wise and it is certainly not expansionist. If the Minister of Finance does not want to take advice from others, he should listen to us because we are in direct communication with the people in our ridings and the industries in our ridings. We know what they think about it. Certainly, at least, the minister should take the advice of the Canadian Manufacturers' Association, because they are most reasonable in their representations, as history has proven.

In so far as my own riding is concerned, for instance, Ajax Magnethermic Canada Limited, an industry which has located in Ajax, Ontario, sent a letter to the Minister of Finance protesting this tax. They have pointed out that this is a tax which will lose employment for Canadians, and it is a tax on their income. It is a tax that has permanently lessened the prospects of employment in the purchaser's plant. They followed this up with a telegram which I received the other day. It reads in part as follows:

Further to our recent discussions budget apparently requires payment of sales tax on engineering drawings purchased from our U.S. associates so that we can build equipment in Canada. This increases our cost unfairly in competition with foreign competitors selling into Canada and furthermore constitutes double taxation since the added cost is reflected in our price on which we must collect sales tax from the purchaser.

Then, the automotive parts manufacturers association of Canada is protesting this tax. They have made representations to the Minister of Finance. A. C. Coulter, of Coulter Manufacturing Company, Oshawa, sent the following telegram:

Effect of sales tax provision on production machinery and tools is to worsen competitive position vis-à-vis imports of auto parts.

Then, we see more protests coming as listed in the *Globe and Mail* of June 18, 1963. In that issue of the newspaper we find Mr. McConnell of Edmonton, president of the national house builders association, protesting the imposition of this tax.

Mr. Gordon: I wonder if the hon. member for Ontario, since he has referred to Mr. McConnell, would like to put the whole story on the record from Mr. McConnell or if he would prefer that I do this at the end of his remarks?

Mr. Starr: This is an extract from Mr. McConnell's statement published in the *Globe and Mail* by the writer, Mr. Kenneth Smith. I see the date of this article is June 18, and no doubt Mr. McConnell is one of the persons who, in discussing these protests with the Minister of Finance, suggested the tax might be applied in three stages.

Mr. Gordon: I will be glad to say more about Mr. McConnell and the national house builders association when the hon. member has concluded.

Mr. Starr: Then, we have the Canadian Federation of Mayors and Municipalities protesting against the imposition of this tax on building materials purchased by municipalities. The very capable mayor and capable members of the Oshawa city council have endorsed a resolution, a copy of which has been passed on to me to bring to the attention of the government. They feel that the imposition of the 11 per cent sales tax will be a great detriment to that municipality as well as other municipalities across the land.

However, the government has adopted a new attitude, a new technique. They say to the people of this country, we will give you this with one hand and take away even more with the other hand. We have the example of the municipal loan fund which is now being held in abeyance. The government promised that they would lend money to the municipalities at a low rate of interest and, as a result, there may be a saving of 1 per cent. There is also a forgiveness clause in this measure, the details of which we are unaware at the moment. They give this to the municipality, and then they turn around and tax the municipalities on the materials the municipalities are going to use as a result of the granting of these loans. Will there be a saving? This is something into which the municipalities will have to look very closely because you have the government giving them something with one hand and taking it away with the other.

All of these measures in the budget, naturally, have an effect on the employment situation, which is the prime concern of all Canadians and should be the prime concern of this government as it was of the former government. As a result of the actions we took we were able, for almost 24 months to decrease unemployment in this country month by month as compared with each month of the previous year. We find that since this government has taken office we have had an increase in unemployment for two months

in succession now, as compared with the same months last year. We are hoping that this trend does not continue, that this government will come out of its lethargy and introduce legislation containing incentives to the economy of this country that will overcome the situation I have described.

As an example of the very definite action we took while we were in office, directed at alleviating the situation of our economy, I would cite housing. House construction was undertaken on a scale on which it had never been undertaken in the history of this country. There was the drive for exports and the increase in labour-management co-operation which we brought about in this country through the productivity council. This council, which has done so much in this field, has now been discarded by this government. Our incentives to industry resulted in an increase in employment of 2½ per cent every year. Then, there was the winter works program which provided jobs for 100,000 every winter. This government has adopted this program, but has curtailed its effectiveness by shortening the applicable period by six weeks. These six weeks are the most productive of this program, and yet the government has shortened it by six weeks. What will the result be? Will 130,000 Canadians be able to get jobs under the program this winter? I doubt it very much. They have curtailed this program, not to help unemployment but rather to worsen it.

With regard to technical schools we provided space for 138,000 Canadians to learn new trades and skills, and the present government has adopted this program and added nothing new. Some 4,000 unemployed were trained in Canada in 1957; but last year, because of our incentives to the provinces, 38,000 Canadians were trained.

The government has also taken over our sewage disposal program. Our subsidies to the shipbuilding industry helped create employment in it, and we gave aid to the provinces and helped tremendously in the social justice field. Then there were our wheat sales; but now the Minister of Trade and Commerce says he is not responsible in this area.

What has the government done since it came into office? The most outstanding things have been the appointment of the cabinet and the two trips made by the Prime Minister. The Minister of Labour brought in nine points, but seven dealt with existing programs inaugurated by the former government, and two were gimmicks, one being the $500 for houses built within certain winter months.

What will this mean? There will be a tremendous bureaucracy of inspectors going around checking each and every home, when it was started and completed, to see whether it was built under N.H.A. standards and to find a reason not to give the builder the $500. It is nothing but a gimmick. Here is a case where the government offers something with one hand and takes it away with the other. It offers $500, and takes it away in the sales tax on building materials. A sales tax of 4 per cent can add $2,000 to the cost of a home. On a $40,000 house it will mean an extra $1,600, and it must be remembered that construction costs in the winter months are higher than during the summer. Will people build in the wintertime to get this $500, in view of the extra cost and the imposition of the sales tax?

There is another gimmick in the nine points announced by the Minister of Labour, the $75 bonus to an employer who employs workers over 45 years of age during a certain period. Where are the new programs the government was going to bring into effect?

Mr. Gordon: Would the hon. member be willing to answer a question? Do I gather from his remarks that he is opposed to the suggestion that this measure should be introduced, which would give employment to people over 45 years of age?

Mr. Starr: I did not say that. I said that this was one of the two new points—

Mr. Gordon: You called it a gimmick.

Mr. Starr: Both of them are gimmicks. It is just a gimmick because it would take a great army of inspectors to go around to every establishment in the country that employs people to find out if they have lived up to the regulations, which have yet to be drawn, in order to qualify for this $75.

What has the government done? It has amended the Atlantic Development Board Act to give six new Grits a position on it. It has given that board $100 million for a period of six years, and restricted expansion in the Atlantic provinces. The department of industry has been established, but even the Liberal senators in the other house were against it.

Mr. Byrne: On a point of order, Mr. Chairman; I am sure if the hon. member were kept in order he would be making very little of his speech this afternoon. There is a well known rule—

Mr. Pugh: What is your point of order?

Mr. Byrne: —that no hon. member should reflect on any act of parliament that has been passed in the current session of the

house. That is one of the points on which the hon. member is out of order, and I would like to bring it to the attention of the committee at this time.

An hon. Member: Which measure?

Mr. Byrne: The Atlantic Development Board Act and the department of industry and commerce.

Mr. Starr: I want to thank the hon. member, and I will keep that in mind.

Mr. Byrne: I ask that the hon. member obey the rules, and then I am sure his speech will be short.

Mr. Starr: I thank the hon. member and I will try to keep the rules of the house. I am sure, Mr. Chairman, if I digress too far from them you will bring them to my attention. The government has introduced nothing new to deal with the economic situation of the country. As I have said, the municipal winter works program has been cut by six weeks and—

Mr. Pickersgill: On a point of order—

The Deputy Chairman: Order.

Mr. Pickersgill: Oh, Your Honour is rising on a point of order?

The Deputy Chairman: No, I am not rising on a point of order. I rise to inform the hon. member that the time allotted to him has expired.

Mr. Gordon: Mr. Chairman, I do not want to reply to the hon. member but he did mention the name of Mr. C. J. McConnell, president of the national house builders association, and I would just like to point out that the national house builders association presented a brief, in which they said that if the proposed tax could not be withdrawn altogether they would be grateful if it could be introduced in stages, and they thought it would be much easier for the industry to absorb it in that way. I notice that the hon. member read from and referred to a—

Mr. Byrne: That was out of order also.

Mr. Gordon: Don't say it was out of order before I read mine.

Mr. Pugh: On a point of order, Mr. Chairman, may the minister refer to something which was out of order, as admitted by the parliamentary secretary on the other side? May he refer to it at this time as being out of order?

Mr. Byrne: I suggest that the previous speaker's speech would be stricken from the record if he were to be held out of order at every point on which he contravened the rules.

Mr. Gordon: I do not propose to get into a wrangle over these points, but I would like to draw the hon. member's attention to a statement made by Mr. McConnell, as reported in the Edmonton *Journal* of July 9, in which he said:

> We are gratified that Mr. Gordon has seen fit to comply with this request so the industry can become acclimatized to the higher costs.

While I am talking about Mr. McConnell I wonder if I might be permitted, with the consent of the house, to read a telegram which he sent me today. It reads as follows, and in its ending has a very direct bearing on the subject under discussion:

> Congratulations on success of negotiations in Washington over week end. National house builders association commends your prompt and effective action on proposed American security tax. Your achievement already reversing approved lenders' decision to divert available funds from N.H.A. mortgages to bonds to take advantage of more attractive investment.
>
> C. J. McConnell, P. Eng., President,
> National House Builders Association.

Mr. Starr: I would just like to ask the Minister of Finance whether he was in Washington or not?

Now, Mr. Chairman, this was supposed to be a government of boldness and imagination.

Mr. Pickersgill: Mr. Chairman, I understood the hon. gentleman's time had expired.

Mr. Starr: That is fine. I am starting again.

Mr. Pickersgill: Really, Mr. Chairman; I hope that if the hon. gentleman is going to go on speaking he will be asked to speak, like other members of the committee, to the resolution before us and not make a speech on the address which was passed some month and a half ago.

Mr. Starr: The resolution before us has a direct effect upon the employment and unemployment situation in this country. This was stated very dramatically by the Minister of Finance when he introduced his budget and said that these measures were to deal with these very important aspects of our economy. In order to deal with that situation thoroughly and completely it is necessary to review what the government has done in its bold and imaginative approach to economic problems.

Mr. Pickersgill: Mr. Chairman, I rise again on a point of order. The hon. gentleman was allowed to proceed without interruption for about half an hour making a speech which was almost totally irrelevant to the business before the committee. The budget has been adopted—

Some hon. Members: Oh, oh.

Mr. Pickersgill: —and we are in committee of ways and means on the resolutions. The government indicated clearly, with the unanimous approval of the committee, that there would not be any technical restriction on the debate—

Mr. Pugh: Closure.

Mr. Pickersgill: —so far as the earlier resolution was concerned; that any reference to that resolution as compared with this one would be considered in order. But the hon. member for Edmonton West drew my attention, and I underlined it, to the fact that we were not opening up the resolutions that had already been dealt with, nor other fields beyond the Excise Tax Act resolution.

If we are ever to make any progress, Mr. Chairman, surely the rules must be abided by in a reasonable manner. The effect of these proposed taxes upon the economy could be discussed. I would not object in the least to the hon. gentleman doing that, but when he starts talking about the department of industry and things of that sort, which have no relation whatever to this matter and about which the house—indeed, both houses—made a decision and respecting which there has been royal assent, those matters are totally irrelevant. It seems to me that if we are to have any order in parliament at all, some attention must be paid to the rules, especially by those senior members and privy councillors with great experience, who almost invariably invoked the rules in the narrowest possible spirit when they sat over here.

Mr. Starr: Speaking on the point of order, Mr. Chairman, the Secretary of State mentioned that these resolutions are as a result of the budget that was presented. I submit that this is not so; these are not the resolutions which represent the budget. The budget, in other words, has been withdrawn by the presentation of these resolutions. These are modified resolutions which have been presented and they will have an effect upon our economic situation, and employment and unemployment in this country.

The Secretary of State says we are experienced privy councillors. I would like to refer him to the fact that he and his colleagues have been referred to as old pros. Well, we know where old pros end up—in the bush league. As a matter of fact I can go even further than that and call them the three G's, the Grit-gimmick-government.

Mr. Olson: Mr Chairman, on the point of order raised by the Secretary of State, I think most of us would agree that the hon. member for Ontario has been ranging far and wide in some of the arguments put forward on this matter. However, when the Secretary of State says the budget has been adopted, I must disagree with him. I think the only thing that has been adopted is that the house agreed it should go into committee to consider the budget resolutions. Certainly the budget itself has not been adopted. Also, of course, we have to take into consideration the fact that since that vote new and different resolutions have been introduced. Therefore, while I have some sympathy with him because of the wide latitude given to the hon. member for Ontario, I cannot accept his statement that the budget has been adopted.

Mr. Pugh: Mr. Chairman, just before Your Honour makes a decision could I say a word on the point of order raised by the Secretary of State. I am a rather new member here, but I listened for five years to the hon. gentleman in opposition. If my memory serves me correctly, on more than one occasion, in fact probably on hundreds of occasions, there was no restriction whatever on debate. Debate on a subject can come in one way or another. I suggest to the hon. gentleman that whenever he wanted to discuss a problem, he was able to bring it in. But to come right down to the point of this strip-tease budget that we have had right down the line, we still do not know where it is going to end.

Mr. Pickersgill: Just like strip-tease.

Mr. Pugh: We are on the budget resolutions at the present time, and they refer back to the budget. It is true that we voted on the budget in this house. But if this is so, how can the government change the budget without further debate? It has been said that the hon. member for Ontario has been engaging in a far ranging debate, but there was to be no restriction on this debate and the hon. member has touched upon nothing outside the budget or outside those things which pertain to the budget, because the budget goes to the financial arrangements that this government proposes for Canada. On that assumption I say that from now for the period of the next four or five days we will probably have a very wide ranging debate, and I think it is proper to discuss these things at this time.

The Deputy Chairman: Order. The Chair can understand how easily one can, when speaking on these resolutions, stray away and perhaps not adhere as closely as he should to the question in hand. I would suggest that in the interests of economy of time we adhere as closely as possible to the

topic under discussion. We are now discussing paragraph 1 of the Excise Tax Act resolution. The hon. member for Medicine Hat.

Mr. Olson: Mr. Chairman, I think I can agree with the hon. member for Ontario when he suggests that no proposals have created so much public protest as the ones introduced under the Excise Tax Act resolution back on June 13. I believe, too, there has been a definite withdrawal of some plans that had been made for construction within Canada as a result of the budget resolutions introduced at that time.

However, if we are to accept the premise that something needed to be done by the government to bring the budget more in balance, I suppose we must also accept the argument put forward by the Minister of Finance that some measures had to be taken which would broaden the base for revenue and taxation. I think we have to consider both these things in balance. One is sometimes led to believe that the imposition of new taxes, certainly if they have been suddenly imposed at a rate of 11 per cent, might have the effect of being a tax of diminishing returns, to the extent that additional government expenditure would be required to take care of unemployment resulting from imposing these taxes.

Mr. Chairman, I wonder if I might call it six o'clock.

At six o'clock the committee took recess.

AFTER RECESS

The committee resumed at 7 p.m.

Mr. Olson: Mr. Chairman, I had just begun my remarks respecting the excise tax resolutions when the committee rose at six o'clock. At that time I was discussing the point of diminishing returns with respect to the government's stated intention of attempting to balance the budget, or of bringing the budget closer into balance. I believe it is fair to say that the government in its dealings with Canadian citizens cannot approach these matters in exactly the same manner as a corporation. In other words, one cannot look at the books and say that there are millions of dollars worth of sales, and that if a tax of 11 per cent, or any other percentage, is applied one can then multiply the tax by the previous year's sales and expect a revenue on that basis. We also have to realize that in the public affairs of this country sometimes a situation could develop whereby government expenditure would be greater than the anticipated revenue because of some disruptions in the economy affecting employment, and so on.

In addition to that, Mr. Chairman, I think we should accept the argument that the Minister of Finance has made that we need to do something to lower the deficits which Canada has experienced in its national affairs over the last few years. I believe that if we look at the increase in the national debt, the debt service charges which have been building up so rapidly, we cannot help becoming alarmed at the situation, and certainly any move to balance the budget or to try to balance the budget is a step in the right direction in slowing down this acceleration. However, I should like to suggest to the minister that increasing taxes—in other words, trying to increase revenue—is only one way of attempting to bring the budget into balance. We should also be looking at ways of eliminating expenditure which is equally as important as the other side of the ledger.

Looking back over the last few years, Mr. Chairman, we have seen enormous increases in the contribution paid by the Canadian people to the national debt. We have seen this in absolute terms of dollars and cents, and we have also seen the percentage of the interest charge on the national debt increased. I think the now famous conversion loan of 1958 added more to the expenditure side of the national account than any other single action of any government in Canadian history outside of wartime. I believe it is fair to say that this particular action of the government not only added a great deal to the debt service charges of that year, but that its effects will be with us in some cases for 25 years to come. While Conservative members are trying to make a lot out of the public protests which arose because of some of these additional taxes which were proposed by the minister of finance, they should remember that they did in fact create a situation in Canada during the last five or six years where it was necessary for a minister of finance, no matter to which party he belonged, to increase the revenue to take care of this additional expenditure. We in this party do not believe that that action was necessary. We do not believe it achieved any beneficial purpose for the Canadian people, and if it did it has not been thoroughly and adequately explained to this date. Perhaps here was another case of the government taking what was called bold, imaginative action and having it backfire on them, and consequently on the taxpayers of the country.

We in this party have over the years advocated that there should be some other

source of funds available to the government so that this tremendous increase in the debt service charges of the national treasury will at least be slowed down a little. We have said time and again that the Bank of Canada could be used to provide some of this capital which the government requires to expand the social services of this country. There are hon. members of this house and Canadian citizens outside this house who I believe do not quite understand just what it is the Social Credit party have been proposing with regard to having this capital supplied to the government. On occasions, some people just ridiculed the proposals we made. On others, people honestly and sincerely recognized the problem but did not understand the suggestions we were making as to ways of meeting it.

I have before me a series of articles written for the Winnipeg *Free Press*. They were carried on the pages of that paper in October and November, 1961. I am sure the minister would agree that the editorial writers and other writers on the staff of the Winnipeg *Free Press* are certainly not pro-Social Credit in their views. In fact, if anything can be said about them it is, I think, that they have unfalteringly supported the Liberal party over the years, whether right or wrong. So if I read certain excerpts from these articles I do not think the minister will brand them as additional Social Credit propaganda which can be dismissed as ridiculous or without foundation in fact. I want to read some of these passages so that we may lay a foundation for the proposals we are trying to make —a foundation which will gain some credence among people outside the Social Credit party.

Experts who are skilled in such matters will find that the relationship between currency, monetary inflation and sales of government bonds is direct and easily established. All that is necessary is to compare the amounts of the inflation with the government's offering of bonds and a little later, with increases in the assets of the chartered banks.

First comes the inflation—baiting the hook, so to speak. Then comes the bond issue. The public buys little. But the next time the assets of the banks are reported they show a corresponding gain in the holding of government bonds.

Here is another excerpt:

There is a wealth of statistics on money supply going back to early days. The pitfall for the unwary is that the only set of statistics which is based on a comparable dollar is the work of the research experts of the Bank of Canada, and have never been published. This set is available at the Bank of Canada at Ottawa but cannot be referred to usefully in this article because readers cannot easily verify the figures.

Accurate statistics for the years prior to the creation of the Bank of Canada are conveniently available in Professor Knox's study published by the Rowell-Sirois royal commission in 1940. Later figures are available in the statistics of the Bank of Canada.

The present figures appearing in the Bank of Canada weekly, monthly and annual reports go back only to 1947. These are readily available at any good library. For present purposes the record can start in 1950. Generally speaking, the years 1950 to 1957 when the government changed were —except for 1950—good years. The growth in the money supply was the normal growth required by a growing population and a growing national output.

Then follows a list of the total money supply for each year from 1950 to 1960. I do not intend to read this list now, because there is a summary at the end which I shall quote.

It will be seen that the increase under the Liberal government, after 1950, was about $500 millions per year, except for 1955 which brought an upward spurt of $1 billion. This is a period of just over six years. Except for one year—1959—the increase in money supply under the Diefenbaker government has been very great. Indeed, there have been two great inflationary splurges. In 1958, the increase was $1,324 millions.

I just put this on record so that the public of Canada may know that there is an increase in the money supply every year in a normal, growing economy and that there are years in which such an increase is substantially above the $500 million which is the average rate of increase during that period of time.

In this series of articles, the writer sets out to explain the technique used by the Bank of Canada to expand the money supply. He says:

The best way to explain . . . is to give an example. The bank is the agent of the government. The government in the present year—

The year referred to is 1961.

—is spending $980 millions more than it receives in revenue from taxation. The government must, therefore, raise money by selling bonds and thus be able to pay its bills.

The article goes on:

In the illustration given, the government needs $250 millions. It is afraid to take a chance on the open market and so increases the money supply.

The Bank of Canada puts in an order with financial houses to buy any given amount of government bonds—say $20 million worth. The bond houses go on the open market and buy these bonds. They present themselves to the Bank of Canada the next morning and say "Here are the bonds you ordered. You owe us $20 million".

The Bank of Canada accepts the bonds and pays for them with a cheque—a small piece of paper worth, perhaps, 2 cents. The investment houses can do only one thing with that cheque—deposit it in a chartered bank. And the chartered banks can do but one thing with the Bank of Canada cheque. They present themselves before the teller's wicket in the Bank of Canada and deposit it in their account. The chartered banks are to the Bank of Canada what the mass of the people are to the chartered banks—customers.

I continue to quote.

Under the Bank Act, the chartered banks are required to hold cash or Bank of Canada deposits

equal to 8 per cent of their own deposits from the public. This means that once the $20 million is deposited with the Bank of Canada the chartered banks can expand their own deposits by 12½ times this amount—or by $250 millions.

The money supply is thus expanded by $250 millions by the stroke of a pen.

The chartered banks suddenly find themselves in possession of $250 millions of money or credit which they can lend. But they already had met all the credit-worthy demands. They had not been short of money.

So it follows, the banks use the $250 millions of new money to buy the $250 million bond issue which the government promptly issues. The government's accounts with the banks go up by this amount.

What has happened is that the chartered banks have increased their deposits by $250 millions and the money is thus dispersed all over the country—to contractors, manufacturers, civil servants, old age pensioners, and so on.

That is the end of the article. The point I wish to make is this: If this is correct—and we believe this is the way in which the increase in the money supply takes place—then why in the name of common sense cannot the Minister of Finance and the federal treasury go directly to the Bank of Canada, which is a publicly owned institution, and get the money there in the first place? If this were done, then the interest paid on this increase in the money supply would accrue to the Bank of Canada, which must turn its profits over to the treasury annually. I do not understand why we cannot use this means of increasing the money supply rather than having the chartered banks create an increase and then obliging the government of Canada to pay interest to them on something they did not have before this transaction took place.

Possibly there is a good, solid reason why this cannot be done, in which case I should like the Minister of Finance to explain to us. I bring this matter up at this time because we are interested in the minister's argument that something ought to be done to balance the budget—that something ought to be done to halt, to roll back, this tremendous increase in the debt service charge which is piling up year after year.

I think it is interesting to point out at this time that the increase in debt service charges for all of the years since 1958 is nearly equal to the deficits that have been incurred for those years. Even if this is so, if we had done something basic along the lines of what I am suggesting now so that the increase in the money supply would be made available to the government rather than coming to them as a debt, we would not be faced with nearly $900 million in interest charges this year and the deficit that the minister is forecasting simply would not have been necessary.

I wanted to bring this out, Mr. Chairman. It is not Social Credit propaganda. It was written by a man who has supported the Liberal party all through the years. We cannot undo or change something that took place years ago but we think that this can be done now. We are faced with this problem. We have got to meet the commitments that previous governments have made to the bondholders, but even a trip of a thousand miles begins with the first step and we can start now to do the financing of the federal government through this kind of action.

An hon. Member: Just like Aberhart.

Mr. Olson: There are some gentlemen to my right who are using the same old kind of ridicule that we have been experiencing for the last 28 years. If it is ridiculous, I wish they would come forward with some kind of solution for the tremendous increase in the debt that has been accumulating, and the interest charges on it.

Mr. Woolliams: Mr. Chairman, I should like to ask the member for Medicine Hat a question. Is he against increasing old age pensions or baby bonuses? You cannot have your cake and eat it. If you are going to have these social services you have got to pay for them. If you are against any increase in social services, let us hear it tonight.

The Chairman: Order. I suggest to the hon. member that perhaps he should address the Chair.

Mr. Woolliams: I am sorry, sir; I should have done that. That is right. I agree with you and I am sorry.

Mr. Olson: Mr. Chairman—

Mr. Woolliams: Let us have an answer.

Mr. Olson: Again, of course, the hon. member is trying to throw up a smokescreen. I have not said anything about increasing social services. I have been dealing with the problem that has been building up with regard to the tremendous increase in debt service charges. I think all members of the house are concerned about it, even though they try to blow it away by suggesting that we are not in favour of social services. I see no relation between the two points. I might say to the hon. member that if we did not have to pay $890 million odd in interest charges this year we would have a whole lot more money to do many things that are necessary.

Mr. Horner (Acadia): I wonder whether the hon. member would permit another question.

Mr. Olson: One more, but I should like to continue my speech.

The Chairman: Order. The hon. member has the floor, but he may yield, of course.

Mr. Woolliams: He has yielded.

Mr. Horner (Acadia): I wish to thank the hon. member for Medicine Hat for yielding the floor. I realize that all Canadians are concerned about the debt. I also realize that in the budget a deficit of approximately $650 million was forecast, and yet he voted for it. How can he explain voting for a deficit of that amount and at the same time speaking against debt and deficits generally?

Mr. Olson: Mr. Chairman, the answer to that is very simple. We could have done the irresponsible thing his party did last winter—

Mr. Woolliams: You voted for it then.

Mr. Horner (Acadia): You were responsible.

Mr. Olson: Certain items in the whole government policy were picked out on which the government was brought down; but now we have come back here and are picking up where we left off. We did not solve anything. As a matter of fact, the former government managed to play around with the public business of Canada to the extent that we never even had an opportunity to look at the estimates for the whole fiscal year 1962-63.

Mr. Horner (Acadia): I wonder whether the hon. member will permit another question.

The Chairman: Order. As the hon. member for Acadia knows, he can ask the hon. member who has the floor whether a question may be asked, but if the member who has the floor does not yield he should be allowed to continue his speech.

Mr. Olson: Thank you very much, Mr. Chairman.

Mr. Horner (Acadia): I have asked and I hoped he would yield, Mr. Chairman.

Mr. Olson: I want to deal with some of these matters. As a matter of fact, in my view the previous government had a responsibility to deal with the estimates, the budget and all of the other matters of public business before they saw an international exchange crisis coming and quickly closed up shop and ran to the people.

Mr. Horner (Acadia): You are wrong.

Mr. Olson: No.

Mr. Horner (Acadia): Permit me to ask one question.

The Chairman: Order.

Mr. Horner (Acadia): If I am wrong, permit me to ask one more question.

Mr. Olson: The hon. member will have full opportunity to make a speech.

Mr. Horner (Acadia): I acknowledge your fear.

The Chairman: Order. May I bring to the attention of some hon. members who are interrupting unduly and perhaps unfairly, that the member who has the floor should be allowed to continue with his remarks freely and uninterrupted.

Mr. Olson: Thank you, Mr. Chairman. I hope you will take into consideration the loss of time they have caused me. The point I was about to make was that if the government would adopt some of the proposals we have suggested with respect to finding social capital or social credit—call it whatever you like—for the municipal development fund, that proposal would be one of the most far reaching and beneficial introduction by any government in a long time. I am not going to get into a discussion of that matter, because it will be coming up later; but the fact is that when the money supply is increased we believe it could be done directly by the Bank of Canada, and thus we would not have to sink deeper into the mire of debt where we are committed to pay increasingly large debt service charges.

In his opening remarks the minister asked for some alternatives and I suggest that he consider this proposal very seriously as an alternative, as a means of bringing the budget closer into balance. That is why I respectfully submit this to him.

There are one or two other matters I want to discuss with respect to the excise tax resolutions. One of them has to do with the administrative problems that the minister encountered respecting what is now referred to as the 30 per cent takeover tax. I realize it was withdrawn, but I bring it up now because the President of the United States has apparently proposed to congress a tax that is going to involve almost the same kind of administrative problems. As I see it, the major difference is that the tax will be 15 per cent rather than 30 per cent on sales of stock that would in effect transfer ownership of Canadian companies to Americans.

The other major difference is that the United States government and the United States treasury will be collecting the revenue, rather than the Canadian government under a proposal which, if enacted, will encounter the same kind of problem. If the President of the United States and his advisers have worked out some method of execution, if one may call it that, to overcome these administrative problems, I think it would be

well for the Minister of Finance to find out what it is, because if the Canadian economy is going to have to deal with measures to restrict foreign ownership and foreign investment it seems to me it would be beneficial to the Canadian government and treasury if they could collect the revenue, rather than the United States government, because the effect is going to be the same. They are measures designed to inhibit the flow of capital from the United States and expand the ownership of Canadian industrial establishments in Canada. I realize, of course, that President Kennedy's proposals are much expanded over what the Minister of Finance brought in because they include bonds and securities as well as equity issues. In so far as this new plan will apply to equity stock, I think we should have some explanation of how the United States government plans to administer the collection of this tax and still avoid the administrative difficulties that caused the minister to withdraw his proposal. It would be interesting to know how this is done.

In closing, Mr. Chairman, may I say that I think we have to realize that there is no balance between the $500 bonus that the department intends to extend to new home-builders and the imposition of the excise tax on the building material that will be going into these homes. As the hon. member for Ontario pointed out, there will likely be at least $500 additional cost of construction simply because construction will take place during the winter as opposed to being undertaken during the summer. If one accepts that, and I think it is a reasonable deduction, then you are right back where you started. However, the addition of the 4 per cent tax on the cost of the material going into that home is going to be hung on to the mortgage, so the home owner will eventually have to pay, that is by the time the mortgage is paid off, at least $500, $1,000 or several times that amount.

In closing, may I say that I think we have to accept the argument that something ought to be done about this tremendous increase in the debt, and debt service charges. I urge the minister to give some attention to the administrative problem that will be encountered in connection with any particular measure before he introduces this in the house, because once a measure of this nature is introduced there are repercussions in the economy and in the stock market that are not easy to overcome. The other thing I should mention is that there have been some windfalls to wholesalers, and in some cases I do not believe the tax will be refunded to the customer.

This is not quite fair. I think the problem of imposing this 30 per cent takeover tax should certainly have been given far more consideration before it was introduced, in spite of the "60 days of decision". There were some rather heavy losses and some substantial gains as a result of the few days it was talked about in the house. The government did not increase its revenues as a result, but there were some people hurt while other people made fortunes to which they were not really entitled.

Mr. Scott: Mr. Chairman, the particular section of the Excise Tax Act now before us, of course, deals with the removal of the exemption of building materials, and it is to this I should like to address myself. This matter has been so widely discussed in the house and in the press that it is difficult to say very much about it now without endlessly repeating the arguments that have been made before. I, therefore, do not intend to take very much time of the committee. I will merely summarize our unalterable opposition to this tax and state that we will not vote for it when the resolution is called. Indeed, I hope to move an amendment at the conclusion of my remarks to emphasize our opposition to this tax.

We do not want to repeat arguments that were used in the budget speech, although since that time there have been certain changes in the budget resolutions. Some people have referred to this as almost a baby budget. Presumably, the baby is needed to take care of the miscarriage that happened to its predecessor. I listened to the remarks of the minister this afternoon with a great deal of attention, hoping that we would hear from him some clear, precise, intelligent and cogent arguments that would convince us to support this particular measure. As I understand the minister's position, his argument in favour of the tax is twofold.

First, there was his basic argument that we must somehow begin to move towards a balanced budget and cut down the national deficit and, second, that in order to do this we must find new sources of revenue. The tax that is being imposed in this resolution is the least unpleasant one that the minister could think of under the circumstances. Mr. Chairman, with both of those propositions we are in complete disagreement. We do not accept the premise that what is needed at the moment is a balanced budget. When you have a condition of chronic unemployment and regional underdevelopment such as we have discussed in this house, this myth of a balanced budget is a form of economic lunacy. What is really

needed at the present time or in the near future in Canada is a large, healthy deficit. We feel that a great infusion of capital should be made available; social capital is what we have called it. We have been asking for this since the commencement of the session, for large doses of social capital to be injected into the Canadian economy.

The member for Medicine Hat, who spoke before me devoted a great deal of his speech to outlining his party's fears of large national deficits. Other hon. members have done the same. I would only point out to the hon. member that this fear is not shared by many of the progressive governments of Europe. They have consistently run deficits for 10 or 12 years and, at the same time, have managed practically to wipe out unemployment and to have these social security benefits. The only thing about a deficit is that the percentage of your gross national product required to service it should remain practically constant. So long as this is done, large deficits present no problem, either in their financing or in their strain upon the economy of the country.

We do not accept the proposition of the minister, that what is required today is a balanced budget. We think this is a myth, economically unwise and unjustifiable. We also disagree with the particular form of taxation imposed here. This is a sales tax. As we said during the budget discussion, the sales tax is the most regressive form of taxation possible because it affects everybody in the community in a similar way regardless of the size of his income. We feel it is an unfair form of taxation. It is particularly unjustifiable in the case of a national government. Our provincial governments have to impose sales taxes, and have been forced into doing so because of their restricted revenue raising base. However, in so far as a national government is concerned, with all of the tax raising methods at its disposal, it is completely unjustifiable for that government to introduce a sales tax at this time.

For some strange reason the government has seen fit to single out for this new regressive tax one of the most sensitive sectors of the Canadian economy, and by that I mean the building and construction industry, and the manufacture of machinery for industry. It seems to us that by singling out this very sensitive section of the economy the government is setting in process of movement changes that will increase unemployment, decrease employment and cut the over-all revenue. We feel that to have singled out this particular industry is extremely unwise.

This action is 100 per cent incompatible with the government's expressed goal of full employment, because it holds out to us the hope of increased revenues while at the same time it is setting in force movements and trends in the economy which will result in less employment and eventually less income to the government. It is a self-defeating piece of economic lunacy, shortsighted, incredible, discriminatory and just plain illogical.

Since it has been proposed there has been a wave of protests from coast to coast. I am not going to place them on the record because I am sure the minister himself has received far more than other hon. members, but all of us have been deluged with opposition to this particular measure, urging us to oppose it as strongly as we can. For example there was an editorial in the *Globe and Mail* on June 26, and I may mention in passing that this was a newspaper which performed the interesting feat in the last election of changing its party without changing its principles. In this particular editorial it dealt with the sales tax and said:

> The sales tax can only be interpreted as an expedient to raise revenue, in the area of the economy where expansion would be most likely to create jobs. Yet the finance minister has admitted that taxes are already too high, and that unemployment is Canada's major problem. The best that can be said of the budget in this respect is that there will certainly be no unemployment among chartered accountants and lawyers, as they sort out the confusions and plead the contradictions.

As I find myself in the latter category I might almost welcome that particular suggestion but, Mr. Chairman, in the *Gazette* of Wednesday June 26, its financial editor, Mr. John Meyer, attacks this proposal, registers his objections and concludes by saying:

> The point here is that the opposition, in forcing the withdrawal of these measures, can accomplish a valuable service—

We would very much like to accomplish that valuable service, tonight if possible.

This afternoon the minister outlined what he felt was the compensating factors for this new tax, namely the changes in the income tax regulations, the reduction of one quarter of 1 per cent in the interest rate and the enlargement of the amount of mortgage with a consequent reduction in down payments. I hope that before this debate concludes the minister will give us some facts and figures to substantiate this bland assumption, because all of our calculations indicate that by the time you are through with this arrangement your down payments will be higher, your monthly carrying costs will be higher, and the number of people qualifying for loans will be lower because the income requirements will be higher.

I hope the minister will give us some evidence to indicate that this is truly a compensating factor; but previous speakers

have pointed out that this one quarter of 1 per cent reduction is more than offset by the increase in the cost of a home caused by this sales tax, and the increase in construction costs during wintertime.

We are not prepared to accept the bland assurance of the government that this is a wise tax. We intend to oppose it for the reasons I have stated: 1, it is based on the wrong philosophy; 2, it will curtail expansion and increase unemployment; 3, it will reduce government income; 4, by its nature it is a regressive, discriminatory and unfair tax, and 5, it will have a drastic effect on one of the most sensitive sectors in our economy, the building and manufacturing industry. For those reasons I move, seconded by the hon. member for Nanaimo-Cowichan-The Islands:

That the Excise Tax Act resolution be amended by the deletion of paragraph 1.

Mr. Gordon: Mr. Chairman, I would certainly think this amendment is out of order because it most assuredly would have a major effect on the balance of ways and means. I would like to say a word or two about the hon. member's remarks. He is a man with whom I quite often agree and sometimes disagree, but I was surprised that he quoted the *Globe and Mail* editorial with such enthusiasm. I am sure this will be looked upon with considerable satisfaction by the editors of the *Globe and Mail*, who perhaps until tonight might not have thought that the hon. member for Danforth and his party always agreed with their economic points of view.

By the same token it surprises me to think that the editors of the *Globe and Mail* and the progressive and very sincere members of the New Democratic party might now be described as being, if not in bed together, at least contemplating an accouchement of that type. This is a development of the debate that I had not foreseen and I am sure it will be looked upon with interest, and in some quarters perhaps with some slight raising of the eyebrows, if not amusement. When I think of the editor of the *Globe and Mail*, whom I have known for some time and who I sometimes think—

Mr. Aiken: Mr. Chairman, I wonder is the minister speaking on a point of order or on the amendment. I gathered the impression that he was going to speak on a point of order.

Mr. Woolliams: I take it he likes the *Globe and Mail*.

Mr. Gordon: It all depends on the day of the week; but I think the hon. member for Parry Sound-Muskoka made a good point and perhaps at the moment I should only speak on the point of order. I shall restrain myself until Your Honour has ruled on it, and after that I may have a little more leeway to discuss the amendment, if Your Honour has not ruled it out of order. If Your Honour does rule it out of order, then I shall not have the opportunity of saying any more about the *Globe and Mail*.

Mr. Aiken: I wonder if I might assist the minister.

The Deputy Chairman: Is the hon. member addressing the Chair on a point of order?

Mr. Aiken: Yes, Mr. Chairman. I would particularly like to point out the provision in Beauchesne, fourth edition, page 221, citation 265 which reads:

No member other than a minister of the crown may introduce a bill for the reduction of duties. The government must take full responsibility for the taxation levied to provide the revenue. But the house enjoys complete freedom to make every representation possible to the government with regard to the manner in which the ministers discharge this responsibility. This duty the members may perform by moving amendments to reduce the taxes proposed by the administration.

I would say, Mr. Chairman, that since the amendment has the effect of deleting a tax, therefore it is in effect a motion to reduce taxation and would be in order.

Mr. Scott: Mr. Chairman, I merely wish to observe that a somewhat analogous motion was made yesterday by my desk-mate when we were dealing with these budget resolutions. It is reported in *Hansard* at page 2479. A motion was made to delete one of the paragraphs of the income tax resolution, and it came to a vote in the committee. It is not completely on all fours with the amendment we are now discussing, but it seems to me that, taken in conjunction with the representations of the last speaker, this amendment should be ruled in order so that we might hear the interesting comments of the Minister of Finance.

Mr. Byrne: Mr. Chairman, I submit that it would be interesting, as it has been up to now, to hear the observations of the Minister of Finance. However, I submit also that this is not a good reason for abrogating the rules and practices that have been established in the house over many years. I am sure that most hon. members who were in the house during the session of the last parliament will recall a similar discussion on a similar point of order. But if I may go back to 1948, a similar point of order was then raised and determined by a vote of the house; that a resolution presented—

Mr. Horner (Acadia): What page of *Hansard*?

Mr. Byrne: —by the Minister of Finance by way of a resolution that was segregated into paragraphs by numbers was in effect the same as any other resolution presented by a minister and no portion of that resolution could be dealt with paragraph by paragraph in committee of the whole.

In the 1951 *Debates of the House of Commons,* volume III, it will be seen that the then minister of finance protested a ruling of the Chair. A vote was taken in committee of the whole and the minister appealed the ruling of the Chair that a vote may be taken paragraph by paragraph. At page 2662 of *Hansard* of that session hon. members will see that a vote was taken and the decision of the Chair was reversed. There are a number of such rulings which have substantiated this premise, and as recently as the last session of parliament a matter of a similar nature was discussed. The hon. member for Winnipeg South, speaking to the question that was before the committee—that is, on the point of order that was before the committee as to whether the resolution should be dealt with paragraph by paragraph—had this to say. It will be recalled, of course, that the hon. member for Winnipeg South was on the opposite side of the house at that time. He sought to prevent a vote being taken on the resolution paragraph by paragraph, and pointed out substantially what I said earlier, that the excise tax and income tax resolutions are segregated for clarification and for no other purpose. I will read from *Hansard* of November 9, 1962, page 1477:

> Mr. Churchill: Mr. Chairman, I would just like to add one point to the very learned discussion we have had, contributed to by the hon. member for Winnipeg North Centre. I wonder whether he has considered this fact. Although he was quoting from Bourinot with regard to a motion which might be divided into two or more distinct propositions, we are here dealing with a resolution, and a resolution is brought into the house and is followed by a bill. If the hon. member will look at the order paper he will find several resolutions there which contain several propositions; but the resolutions are written as a paragraph, divided by semicolons. It appears to me from a consideration of this matter that the budget resolutions are, for the convenience of the house, divided and numbered, rather than written all in one distinct paragraph with just the separation of a semicolon. Rather than being a whole series of distinct propositions, it is a resolution, just as other resolutions are, on which subsequently a bill will be founded and in which distinct measures are brought forward. That is perhaps a portion of the argument that was overlooked by the hon. member for Winnipeg North Centre when he was speaking on this matter.

I submit, Mr. Chairman, that this argument applies equally to this proposition, and that this amendment is strictly and completely out of order having regard to the rules of the house.

Mr. Olson: Mr. Chairman, I do not claim to be an expert on all the citations that could be referred to with respect to the point of order that has been raised. When we look at citation 263 of Beauchesne's fourth edition, in paragraph 2 we find these words:

> The principle that the sanction of the crown must be given to every grant of money drawn from the public revenue, applies equally to the taxation levied to provide that revenue.

Citation 265 quoted by the hon. member for Parry Sound-Muskoka seems to not altogether contradict that, except as regards the status of paragraph 1 of the excise tax proposals that are before us. It says, of course, that no member other than a minister of the crown may introduce a bill for the reduction of duties. However, further down it says:

> This duty the members may perform by moving amendments to reduce the taxes proposed—

I do not believe that in so far as the committee is concerned the provisions contained in paragraph 1 have actually come into law, according to the stage we are at in this committee. In other words, the Minister of Finance is asking for the repeal of certain exemptions that were previously in effect; therefore they must be classified as "proposed" taxes, and if we are to accept the last sentence of citation 265 it would appear to me that the amendment moved is in order.

Mr. Horner (Acadia): Hear, hear for the Social Credit.

Mr. Brewin: Mr. Chairman, I, too, would like to speak on the point of order. May I first point out the very great importance of this point of order as indicated by the citation in Beauchesne already referred to by the hon. member for Parry Sound-Muskoka. The point he makes in this regard is supported in the following phraseology, which indicates the importance of the matter before Your Honour.

Mr. Woolliams: What page is that?

Mr. Brewin: It is page 221 of Beauchesne, citation 265, which reads as follows:

> But the house enjoys complete freedom to make every representation possible to the government with regard to the manner in which the ministers discharge this responsibility.

Upon this ruling depends the exercise of what is described as the complete freedom of the house, which surely should be interfered with only in the clearest of instances. The citation then goes on with a surprising and delightful clarity which, Mr. Chairman, must make your task an easy one. It says:

> This duty the members may perform by moving amendments to reduce the taxes proposed by the administration.

That, Mr. Chairman, is precisely what the motion of the hon. member for Danforth does. The resolution proposes what is in effect a new tax. It is perfectly true that it takes the form of calling for the removal of a previous exemption from taxation, but the excise tax which is proposed is clearly an imposition of tax. Ask the building industry and the construction industry of Canada if this is not the imposition of a new tax. It being thus, the freedom of this house to perform its duty by proposing amendments to reduce the taxes proposed by the administration is clearly indicated by this passage in citation 265. The prohibition referred to by the hon. member for Kootenay East—for a moment I almost mixed him up with the hon. member for Kootenay West, which would have been a horrible mistake—related, as I see it, to the sole responsibility of the government in levying taxes. We could move no amendment as private members which would levy a new tax, but in my submission it is perfectly clear from this citation that this historic freedom of the house is involved in this ruling which you are now called upon to make, but in which you are, as I said, relieved from anxiety in the matter by the clearcut terms of this citation.

Mr. Lloyd: Mr. Chairman, perhaps my perplexities as a new member may only add to the confusion but I would refer to Beauchesne's fourth edition, page 222, citation 268(1), which reads:

> Though it is the function of the committee of ways and means to impose rather than to repeal taxes, example of the repeal of taxation effected in this committee are to be found upon the journals. Proposals for the variation or modification of taxation can therefore be made in the committee, but these proposals must be grafted upon the financial scheme submitted by the government, and must not affect the balance of ways and means voted for the service of the year. Amendments, therefore, can be proposed to substitute another tax, of equivalent amount, for that proposed by the government, as an alternative duty, the necessity of new taxation, to that extent, being already declared on behalf of the crown.

If this were not so it would destroy the means of recognizing the responsibility of the government in financial matters.

Mr. Basford: Mr. Chairman, I should like to add my remarks to those made by my hon. friend the parliamentary secretary to the Minister of Labour. Hon. members opposite have referred to citation 265 of Beauchesne's fourth edition. It is quite apparent from reading citation 265 that that is making reference only to bills and not to resolutions in committee of ways and means. Throughout it is clear that it refers to the power of the house in dealing with a bill, and we are a committee of ways and means, a committee of the whole house dealing with a resolution. Beauchesne is quite clear on this point, where in paragraph (4) of citation 266 he says:

> It is not in order to move the deletion of a particular clause in an excise tax resolution because it alters the balance of ways and means.

That is a very clear statement of what this committee can do and clearly shows that the amendment before us is obviously out of order.

Mr. Byrne: Mr. Chairman, the hon. member for Greenwood said that it would be a very grave error to get me mixed up with the hon. member for Kootenay West. I can assure him that I would feel very badly about that, but the mistake would be in his favour. I want to point out, in support of the argument of my hon. friend from Vancouver-Burrard, that the point of order is not that we will be so much impeding the balance of ways and means, but rather that this is a resolution not a bill and cannot be voted upon clause by clause. It can be agreed that discussion cease on various clauses, but there can be no determination by a division of the house on the resolution stage. I submit, Mr. Chairman, that you have no alternative but to rule this amendment out of order.

Mr. Knowles: Mr. Chairman, I marvel at the number of members on the government side who think this matter is clear and straightforward. I suggest that the hon. member for Kootenay East has come close to the heart of the point, but he has come at it from the wrong side.

Mr. Byrne: I am not a left winger; I am a right winger.

Mr. Knowles: I hope that remark is on the record. To get back to the point of order, hon. members realize that if the objection to this amendment is sustained we are put in the position which the hon. member for Kootenay East said we should be put in, namely that we have no right to express ourselves as a house on paragraph 1 of the Excise Tax Act resolution. In my view we are still suffering from the mistake which was made in 1948 when the house, by a vote, reversed a ruling which had been made by the chairman of the committee of ways and means at that time. Up to that time we had followed the simple, logical, understandable course of voting on the separate paragraphs of a budget resolution as they came along.

What is before us now is paragraph 1 of the Excise Tax Act resolution. It is a proposition complete in itself. Yet the hon. member for Kootenay East says that somehow the rules must be interpreted in such a way as to prohibit us from having the chance to

vote on this section of the resolution. Because we are caught with that ruling of 1948—actually it was not a ruling, but a vote by the majority of the house against the ruling of the Liberal member who was in the chair at that time—because we are stuck with that, we have no other way to get a decision on individual paragraphs than by moving, as the hon. member for Danforth has done, that a particular paragraph be deleted.

I submit that after all the citations have been read on both sides the simple, common sense, logical position is that the House of Commons of Canada ought to have the right to vote on this proposition by itself. I submit that the most recent precedent occurred in this very committee only yesterday. Yesterday, my hon. friend from Winnipeg North moved by way of an amendment that paragraph 4 be deleted from the income tax resolution. The hon. member for Kootenay East was not on his feet then telling us we could not do it, and all these other people were not raising points of order. Of course, there were only a dozen or so of us who were prepared to vote for that amendment; but I submit that since the Chair yesterday allowed the hon. member for Winnipeg North to move the deletion of a paragraph from the income tax resolution a similar view should be taken today with respect to the excise tax resolution.

In both cases an attempt is being made to do a simple, common sense thing, namely to vote on the proposition which is before us. The minister has placed his thoughts before us on paragraph 1, and if we are no longer permitted to vote on these resolutions paragraph by paragraph, then I submit we should follow the precedent set yesterday when an hon. member moved to delete the paragraph.

The Chairman: I wonder if we have not heard sufficient argument on this point. As to the proposed amendment, I must say the Chair is ready to make a ruling and that additional argument would not be helpful in any way.

I should like to refer first of all to the point just made by the hon. member for Winnipeg North Centre, who referred to the fact that yesterday the committee was allowed to vote on a similar amendment. The Chair was well aware of the difficulties which might arise from the standpoint of correct procedure in connection with that particular amendment; but as everyone knows, who was in the chamber at the time, no point of order was raised in connection with it and I felt I should not intervene by bringing up the question. That is why I allowed the committee to divide on the substance of the amendment. However, I do not think a precedent was set. As I say, I was fully aware of the implications of what was done yesterday. I had before me then the decision reported in *Hansard* of November 9, 1962, and I felt then, as I feel now, that no precedent was set.

To come to the particular point involved: paragraph 1 of the resolution before us proposes a tax. The amendment, to my mind, has an exactly opposite effect. Indeed, it destroys the proposal we have before us. It is not properly speaking, an amendment. It is a negative. In other words, it is an entirely new question which is now proposed and it would appear to me, if only for this reason, that this is sufficient ground for reaching a decision that this is not a proper amendment.

A moment ago the hon. member for Kootenay East brought up the point to which I referred, with regard to the decision of the house made last year. This decision can be found in *Hansard* of November 9, 1962 and I should like to read in part the ruling which was then made by Mr. Chairman Chown who said at page 1477:

> While I rose, perhaps instinctively, on the suggestion there should be a division on the section, I realize that I moved in haste and overlooked the authorities in support of the point of view I am now making, namely, that there should not be paragraph by paragraph division.
>
> My authority for that, briefly, is May's sixteenth edition, pages 411 and 412. Perhaps I might read a very brief portion of this passage on page 412 which is helpful to us.
>
> "The house does not recognize the right of individual members to insist on the division of motions moved in committee of the whole house or of motions giving special facilities for the transaction of public business—"

Of course, I am quoting only in part. I should like to refer directly to page 411 of May's sixteenth edition where we read:

> In 1770 a motion "That it is the rule of this House, that a complicated question which prevents any member from giving his free assent or dissent to any part thereof ought, if required, to be divided," was negatived on a division. As late as 1883 it was generally held that an individual member had no right to insist upon the division of a complicated question.

For these reasons, the Chair cannot put this amendment before the committee.

Mr. Scott: With great respect, Mr. Chairman, I appeal your ruling to the house.

Mr. Deputy Speaker resumed the chair and made the following report:

> The question is an appeal to the house as follows:
>
> When a resolution to amend the Excise Tax Act was being considered in committee of ways and means, the hon. member for Danforth moved the following amendment:
>
> "I move that the Excise Tax Act resolution be amended by the deletion of paragraph 1."
>
> The Chair decided that the amendment was in effect a negative and was out of order as in accordance with recent practices and decisions of

the house a vote could not be called on a particular section of a budget resolution. Whereupon the hon. member for Danforth appealed to the house from the decision of the Chair.

Mr. Speaker put the question as follows:

When the resolution to amend the Excise Tax Act was being considered in committee of ways and means, the hon. member for Danforth moved the following amendment:

"That the Excise Tax Act resolution be amended by the deletion of paragraph 1."

The Chair decided that the amendment was, in effect, a negative and was out of order as in accordance with recent practices and decisions of the house a vote could not be called upon a particular section of a budget resolution. Whereupon, the hon. member for Danforth appealed to the house from the decision of the Chair.

The house divided on the question: Shall the ruling of the chairman be confirmed? And the ruling was confirmed on the following division:

YEAS

Messrs:

Asselin (Notre Dame de Grace)
Asselin (Richmond-Wolfe)
Badanai
Basford
Batten
Beaule
Bechard
Beer
Berger
Blouin
Boulanger
Brown
Byrne
Cadieux (Terrebonne)
Cameron (High Park)
Cantin
Caron
Carter
Chapdelaine
Choquette
Chretien
Côté (Longueuil)
Cowan
Crossman
Cyr
Davis
Deachman
Denis
Deschatelets
Dube
Dupuis
Emard
Ethier
Eudes
Favreau
Forgie
Foy
Francis
Garland
Gelber
Gendron
Godin
Gray
Greene
Groos
Guay
Habel
Haidasz
Hahn
Harley
Honey
Jewett, Miss
Kelly
Klein
Lachance
Laing
Lamontagne
Laniel
Laverdiere
Lessard (Lake St. John)
Lessard (St. Henry)
Loiselle
Macaluso
Macdonald
Mackasey
MacNaught
McIlraith
McMillan
McNulty
McWilliam
Marcoux
Matheson
Matte
Mitchell
Moreau
Morison
Mullally
Munro
Nicholson
O'Keefe
Ouellet
Patterson
Pearson
Pickersgill
Pilon
Plourde
Richard
Rinfret
Rochon
Roxburgh
Sharp
Stewart
Tardif
Temple
Thompson
Tremblay
Tucker
Walker
Watson (Chateauguay-Huntingdon-Laprairie)
Whelan—100.

NAYS

Messrs:

Aiken
Alkenbrack
Barnett
Brewin
Cameron (Nanaimo-Cowichan-The Islands)
Cantelon
Chaplin
Chatterton
Churchill
Clancy
Cooper
Crouse
Danforth
Dionne
Doucett
Douglas
Fairweather
Fane
Fisher
Fleming (Okanagan-Revelstoke)
Flemming (Victoria-Carleton)
Hales
Herridge
Horner (Acadia)
Howe (Wellington-Huron)
Irvine
Kennedy
Knowles
Laprise
Loney
MacEwan
MacLean (Queens)
Macquarrie
McCutcheon
McIntosh
Madill
Mandziuk
Martin (Timmins)
Martineau
Mather
Monteith
Moore
More
Muir (Lisgar)
Nasserden
Nesbitt
Noble
Olson
Pascoe
Paul
Perron
Peters
Pigeon
Pugh
Rapp
Ricard
Scott
Slogan
Southam
Starr
Stenson
Thomas
Vincent
Watson (Assiniboia)
Webb
Webster
Weichel
Winch
Winkler
Woolliams—70.

Mr. Chevrier: Mr. Speaker, I was paired. Had I voted, I would have voted to uphold the ruling of the Chair.

Mr. Gordon: I was paired. If I had voted, I would have voted to uphold the ruling of the Chair.

And the house having resumed in committee:

The Chairman: Does the resolution carry?

Mr. Fisher: Mr. Chairman—

Some hon. Members: Oh, oh.

Mr. Fisher: It is nice to know, Mr. Chairman, that the boys are in here earning their $10,000 tonight. I wish to bring up a particular matter relating to paragraph 1, although it specifically deals with paragraph 4 of the resolution. It is the question of what classification the institutions known as public libraries will receive under the general purposes of the first part of the resolution.

I suppose the minister is aware that the way the provision reads at present, any kind of university construction would be entitled to the exemption. Therefore a university library would be entitled to it. Libraries within colleges and universities will have the

exemption, but the public institutions supported by communities or municipalities, or even endowed, will not be able to take advantage of it.

The minister must be aware that a public library to all intents and purposes is accepted as an educational institution. It is certainly accepted as such by the teaching profession. I took the trouble to call the Department of National Revenue, but the official who is supposedly responsible for interpreting this part of the resolution gave me to understand that public libraries would not be exempt.

I also think the minister is familiar enough with the penury of public libraries. He has an example in his own city where Toronto public library recently had difficulties in getting funds, and he must know that this imposition will hurt the construction of public libraries much more than it will secondary and primary schools in some parts of the country. Indeed, in Toronto itself the board of education has more facilities in terms of finance and the capacity to raise capital than the public library board.

For that reason the minister should give us some kind of declaration, right at the very beginning, as to what consideration he is going to give to classifying public libraries as educational institutions.

I know that if someone speaks about public libraries someone else is likely to bring up the question of art galleries and museums, but in effect throughout most of the country public libraries serve as museums and art galleries, and I think in general that part of the community which reads, studies and is interested in adult education would approve very heartily of public libraries being exempted.

I understand the minister has received representations on this point from the Canadian library association, and I can tell him that in my own constituency two communities intend to extend their library facilities within the very near future. From experience I know that the library boards in these communities have much more difficulty than boards of education in raising money. They will be especially hurt if public libraries are not included under the exemption set out in paragraph 4 of the resolution.

Mr. Gordon: I wonder if I might reply to this question now?

Mr. Aiken: I just have a few remarks to make on the same point. I was going to leave them until we had reached paragraph 4 where universities and educational institutions are defined, but I want to support the plea made by the hon. member for Port Arthur. Generally speaking libraries are in the same classification as educational institutions. They do have unusual difficulties because in many cases they are not part of municipal councils or municipal set-ups, and in some cases they form a more or less volunteer organization. They perform a very good public service at a very low cost, and I would certainly support the proposal of the hon. member that libraries should be specifically included in the definition contained in paragraph 4.

Mr. Olson: Mr. Chairman, before the minister replies I wonder whether I may have about 45 seconds to ask him—

An hon. Member: To clear yourself.

Mr. Olson: —this question. I was going to wait until clause 4 was under discussion to raise this question with respect to public libraries; however, there is one specific question I wanted to ask the minister. Is the government taking into consideration the limit on financing imposed by reason of a bylaw in a municipality which has been passed to provide the authority to borrow funds to build a library? I ask this question because the municipality and the local library board are confined to the limits imposed by the bylaw. Of course, if they classify them as educational institutions, that automatically takes care of the matter. On the other hand, if the minister does not intend to designate libraries as educational institutions, I wonder whether he would care to comment on what consideration the government will give to these bylaws which impose limits.

Mr. Gordon: Mr. Chairman, I think all hon. members will appreciate the fact that there is no complete equity in taxation, and as soon as you start to grant exceptions it is a question of where you draw the line. This particular problem of the libraries has been raised with me over the last several days by the hon. member for York-Humber, who is particularly concerned about a public library that is contemplated in the town of Mimico.

An hon. Member: Oh, oh.

Mr. Gordon: The hon. gentleman laughs, but I am being quite serious. This is a point, and I have been giving it consideration. My difficulty is that if the line of exemption is moved, the question is where do you draw that line? Unfortunately, or fortunately, all public libraries are not operated in the same fashion. In some cases everything is free; in other cases only certain things are free. Then, of course, you get to the stage where it is operated on a semi-commercial basis. I can assure my hon. friend that the members on this side of the house are very

interested in libraries and in books. I believe it has been mentioned that some of us have even had the temerity to write books. We do not think that is anything to be ashamed of. I think it is fair to say that quite a lot of us read books, as do many hon. members across the way. But this is a difficult point upon which to draw the line, and we have decided that the line cannot be extended.

Mr. Weichel: Mr. Chairman, I am pleased to have the opportunity of speaking on the budget resolutions, as my constituency is a growing industrial centre with approximately 350 diversified industries. My remarks will be mainly centred on objections and criticisms as expressed to the government and myself by many people in my constituency of Waterloo North and, no doubt, thousands of people across Canada, regarding the sales tax on building materials and machinery. These objections are growing daily in spite of the proposals announced by the Minister of Finance on Monday, July 8 that the tax will come into effect in stages.

Many of my people say that such proposals may tide them over for a while, but the final outcome will be the same. As was previously mentioned, this sales tax is of great concern to thousands of businessmen in my constituency as this area has a record of stability in industry and business. The people of Waterloo North are a fine blend of many nationalities and are progressive, hard working folk with a great record of industrial development. At the present time we enjoy the distinction of being an area with one of the lowest rates of unemployment in Canada. Mr. Chairman, with the 11 per cent sales tax added in stages, this fine record may be in jeopardy. Some of the remarks I will make later will substantiate the views of myself and others on this additional tax. The Minister of Finance, in his speech of July 8 as reported in *Hansard* at page 1950, had this to say:

> The old saying that only he who wears the shoe knows where it pinches has always been as true of taxes as of most things.

I would like to say to the minister that thousands of my constituents are now wearing these pinched shoes and are not very pleased with this condition. Yes, these objections are serious, as my constituency of Waterloo North is made up of many industries, contractors, home builders, etc.

This government went into office with the expressed intention of curing any unemployment which exists, but this new tax provision will cause further unemployment. Some builders in my home town of Kitchener-Waterloo have already announced a curtailment in their 1963 building programs of as much as 50 per cent. One builder who planned the construction of 250 homes this year has announced that he will now build perhaps 100. Another said he would take a holiday throughout the winter. He said, "I will not put in a foundation for winter construction. I have 25 houses under way now, and when they are completed I am going to sit back and see what happens". What a situation, Mr. Chairman.

The other measures of the government that affect the building industry, the $500 grant for buyers of winter built homes and the reduction of the National Housing Act interest rate from 6½ per cent to 6¼ per cent, have met with very little enthusiasm. A headline in the recent edition of the *Financial Times* states "Month of May in housing in Canada was up a startling 25 per cent over last year". This headline might read something like this in the future, "Construction dips again in wake of paralysing sales tax". I have received a copy of a resolution which the Kitchener-Waterloo house builders association sent to the Prime Minister. Because it reflects the opposition builders have to this tax I wish to read it at this time:

> The officers and members of the Kitchener-Waterloo house builders association were profoundly shocked upon learning the provisions of the current budget announced by the Minister of Finance on Thursday. This association is composed of building contractors, subtradesmen, suppliers and professional associates. The 48 builder members account for perhaps 90 per cent of all house construction in the cities of Kitchener and Waterloo.
>
> We deplore the action of the government in imposing a startlingly increased burden on the construction industry. The sales tax on building materials will result in such higher house costs as must increase consumer resistance and reduce house sales.
>
> A careful consideration of the reported budget terms would suggest that the government is using the construction industry as a lever for the economy. We believe that the new budget terms will stifle rather than stimulate house construction.
>
> We regret the imposition of sales tax and the change in National Housing Act mortgage terms at a time when most house builders have made mortgage financing commitments and firm contracts for sales of houses not yet constructed.
>
> We greatly fear serious disruption and financial embarrassment in the house building industry in this area.

That is signed by John J. Schnarr, president of the Kitchener-Waterloo house builders association. This resolution points out the great concern of this association and thousands of others across Canada. People from my home town of Elmira and district were alarmed to hear that an industrialist had dropped plans to build a metal factory. Our local newspaper, the Elmira *Signet*, carried the following news on June 26, 1963:

> The new government tax structure has reached Elmira and it does not help the growth prospects of the town any.

In a letter sent to the town council, Mr. Carl Deckert, president of Life Lyner Mufflers Limited, Elmira, announced that he is giving up the option held on two acres of industrial land from Forbes Motors earmarked for building a plant this summer. Mr. Deckert states that as a result of the current federal budget and the resulting increased costs on building and machinery this company has decided against proceeding with expansion plans at this time, and they therefore requested cancellation of their option on the two acres of industrial lots. Our hard working mayor, Fred Howard, said he was sorry that this had happened, as it would be a good plant for Elmira. He said the new tax would not help our town, and that if the council saw fit it might have to make some concessions to prospective industries for the town.

Mr. Chairman, this again is placing a greater burden on the smaller towns. The mayor also said it was a heavy blow for smaller towns. He said that if you consider that 80 per cent of all industries in Ontario are located in the metropolitan Toronto area, and the number of municipalities that are after the remaining 20 per cent, it can be understood what it means for a small town to lose a good prospect. Mr. Deckert said this tax that applies to machinery and building was quite a setback and that the whole thing was very discouraging. What is the sense of working hard and taking chances if the government curbs the initiative? Mr. Deckert further mentions that he had also discovered that according to the tax regulations importers will not be paying as much for mufflers as local manufacturers. It is hard to believe, but he said that he had it in writing in front of him. Yes, Mr. Chairman, the government is actually discouraging Canadian production.

The board of trade in my town has joined the rising chorus of protest against the federal government's extension of sales tax on building materials and industrial machinery. Mr. Donald Martin, chairman of the board's industrial committee, had this to say:

> An industrialist will not build a new plant now. I was prepared to report two or three industries which were interested in coming to Elmira, but they have sure cooled off now at this tax. It is going to stop industrial growth. I would never build a new plant. I will find an old shack somewhere and operate out of it.

He felt that the tax was penalizing those who wish to expand properly, placing the country's growth in jeopardy.

Recently, Mr. Chairman, I received a letter from the Industrial Construction Company, Division of Westmont Enterprises Limited, of Kitchener, Ontario. This refers to the new sales tax on building materials, and specifically where fixed contracts are involved. The contents of this letter are as follows:

> Dear Mr. Weichel:
>
> Confirming our telephone conversation of yesterday, I will appreciate it if you will register the strongest possible protest regarding the application of the new sales tax on building materials and specifically where fixed contracts are involved.
>
> It is my information that there are more than a billion dollars of fixed contracts in effect in Canada on which companies, such as ours, will be required to pay the sales tax and then make application for the recovery of this tax.
>
> Already we have literally hundreds of invoices on which the 11 per cent tax has been charged to us and we are endeavouring to obtain refunds reducing this amount to 4 per cent. In these cases, it is our opinion that this tax has been charged by many suppliers on inventories on which they have not paid any sales tax, yet we are entitled to recover this sales tax because of our firm contracts. The suppliers have been issued letters which state that they are required to add the sales tax to their prices, yet when we ask them to give us an affidavit that they have actually paid the sales tax, they say they are not required—

Mr. Byrne: Mr. Chairman, on a point of order.

Some hon. Members: Oh, oh.

The Chairman: Order. The hon. member is rising on a point of order.

Mr. Byrne: I hesitate to raise this point of order against the hon. member for Waterloo North, but I think it should be drawn to the attention of the committee that it is against the rules of the house to quote from a document which reflects upon proceedings which are taking place at the time. If I may quote citation 149 of the rules of the house, there are a number of rules or prohibitions, and (1) says that a member must not:

> —read from a printed document or book commenting on any speech made in parliament during the session;—

I might also refer to Beauchesne's third edition, page 802. According to that page Mr. A. E. Ross, the acting deputy speaker, ruled that it was out of order to quote in committee articles from newspapers commenting on the proceedings then under consideration. Objection was taken and a division followed, and of course the ruling was sustained. I suggest that if the hon. member were going to limit his quotations to one or two documents, that would be all right; but to make up almost his entire speech from quotations from people not participating in the debate is completely contrary to the rules.

The Chairman: The point taken by the hon. member is a good one, to a degree, and I am sure that the hon. member will want to keep that in mind in the course of his remarks.

Mr. Weichel: Thank you, Mr. Chairman; and I hope the hon. member who was speaking will do the same when his turn comes.

In writing to the Minister of Finance on June 29, 1963, Hogg Fuel and Supply Limited of Waterloo voiced its objections in this way:

> I would like to voice our opinion in as strong words as possible, our objections to this sales tax on building supplies and machinery. Not only ourselves but the whole industry is in a state of confusion. We can get no answers from anyone. Our serious belief is that you will kill industry and business. The cost and uncertainty of this tax is terrible. Our belief is that our business is going to suffer extremely through this tax, and therefore profits will drop and defeat the purpose of this tax.

Mr. Ray Bauer of Bauer's Limited, Waterloo, manufacturers of cotton felts, automobile pads, and so on, sent me a copy of a letter which was sent to the Canadian Manufacturers' Association at Toronto, in which he asked for clarification of the 1963 federal budget and the proposed amendment to the Income Tax Act. He also stated that his firm considered the repeal of the sales tax exemption on building materials, and especially on production machinery and processing materials, to be a very retrogressive step, to say the least. He said it would add considerably to the manufacturer's cost of production and be yet another handicap in his fight against imported goods. He also added that the government not only proposes to increase his costs drastically, but is also proposing to reduce our tariff protection under tariff item 559g from 20 per cent to 17 per cent, most favoured nation. Mr. Chairman, there is not much consideration for Canadian industry in this budget.

Mr. Vincent McHale of the Siegner Lumber Company of Kitchener, in a letter to the Minister of Finance, had this to say:

> It is my contention that by placing this sales tax on building materials you are penalizing the person who wishes to buy a home, who under most circumstances is the most productive and the type of citizen Canada needs and wants.

Mr. Chairman, the lumber industry is one of the few, outside of mining, which contributes considerably more to the provincial and federal governments than it gets in return.

The automotive parts manufacturers association (Canada), of Toronto, of which many firms in Kitchener and Waterloo are a part, have written to me concerning this sales tax. They expressed their views in these words:

> It is the belief of the automotive parts manufacturing industry that the present increase in taxes from zero to 11 per cent can only lead to increased prices which cannot be tolerated in this industry. The automotive parts manufacturers association of Canada has requested the hon. Minister of Finance to repeal the withdrawals of the exemptions.

[The Chairman.]

Another copy of a letter of interest sent to me, addressed to the Minister of Finance by Mr. Jean-Guy Maheu, executive vice president of the shoe manufacturers' association of Canada, which has a large number of firms located in my area, gave his impressions concerning this tax in these remarks:

> Faced with intense competition and rising imports of foreign made footwear, our Canadian manufacturers have successfully held the price line for footwear in the past as industry profit margins have dwindled. The new sales tax, however, contributes substantially to our factory costs of operations, and footwear prices will soon reflect this new federal tax burden.

In addition, several companies report that they will defer or cancel orders for new machinery as a result of the new tax and this action will, in time, leave them with less than the best of equipment to compete with foreign footwear at this critical time.

Another important association which has protested this cost increase and which is well represented in Waterloo North is the Canadian Construction Association. They have urged that the proposed application of the federal sales tax to all construction materials be deleted from the budget resolution. These people play a big part in the economy of our country, and I hope the minister will give serious consideration to their request. Objections I have received from my riding include those from such well known firms as Canada Barrels and Kegs, Waterloo, the Sign Association of Canada, represented by A-K and Lippert Plastics in Kitchener, Sehl Engineering Limited, Kitchener, under the management of Mr. John Vingoe, and Campbell Machinery Limited, Kitchener. These firms have lost a number of orders already, and feel that the new sales tax will affect them considerably, both in buying and selling. Some even find they will come to a standstill.

I am sure the minister will realize that with such criticisms and objections coming from the many firms I have mentioned, and others too numerous to mention, it could well be that our unemployment situation will rise. We will be paying out huge sums of money through our unemployment insurance fund to these many unfortunate people without work, people who could, with the cancellation of this tax, be making a real contribution to the growth of our country and a happier life for themselves and their families.

An editorial in the Kitchener-Waterloo *Record* of July 11, said the measures introduced in this lamentable budget were obviously ill suited to the task of raising money. Their long range effects may even be highly detrimental to the general economy. Another paragraph with which I heartily agree said:

> It has been remarked by more than one Canadian that an increase in the income levy would

be fairer and surer. There would have been protests but it is almost certain they would have died away after a relatively brief time.

When the budget came out and, again, when changes in it were made there was criticism that fortunes had been won and lost in the fluctuations of the stock market.

There is a parallel situation here in respect of this 11 per cent sales tax, even when applied in stages. A lot of money is being made by building supply dealers with big inventories, just because the budget provisions concerning this tax were not clear when they were imposed. While some dealers have not raised their prices, others have, and the tax now applies to building supplies which might have been in their inventory for months. It is just like found money, Mr. Chairman. These dealers are lining their pockets with money which should be going to the government.

While the government has made these moves, which will definitely hinder building activity, it has done nothing in the way of allowing the refinancing of older homes—a move which would do more to help the housebuilding industry than any $500 bonus the government could devise.

Government spokesmen promised during the election campaign that the refinancing of older homes under the National Housing Act would be made possible. Why is not such a system in operation here? It has worked well for years in the United States. I suggest to the government that some consideration be given to a plan whereby older homes could be refinanced under National Housing Act regulations, though it might be wise to look into it more thoroughly than were some of the budget regulations before the legislation is enacted.

The Minister of Finance mentioned in his address of July 8, 1963, that the government proposes two changes of substance in the excise tax resolutions. The first of these concerns schools and universities and similar educational institutions. This is a step in the right direction and should assist my two universities in my riding of Waterloo North, the University of Waterloo and the Waterloo Lutheran University along with collegiates and other schools. The previous government did much to help universities, and I hope the present government will continue to make such assistance available.

My remarks have been of a constructive nature, Mr. Chairman, and have, I hope, brought to the attention of the government the sound thinking of thousands of Canadians concerning this unfair tax. I sincerely hope the government will reject this tax so that the people of our country may know, finally, where they stand economically in the coming year.

Mr. Noble: In speaking to this resolution, Mr. Chairman, I shall express my views on the matter and make some reference as to how my own area will be affected. Many observations have been made on the budget and on its preparation. One which was of particular interest was made by the Prime Minister recently when he said that the traditional methods of producing a Canadian budget were no longer adequate to the country's needs. The right hon. gentleman suggested that changes would be made in procedures so as to enable the government to consult with business before another budget is prepared. That is nothing more or less than a smokescreen.

This government did not make use of the information and knowledge which are readily available to them. The personnel of the finance department are in possession of a wealth of experience accumulated over a long period of years. Without a doubt, they are keen students of our economy and its requirements. Given the opportunity, they could have charted a safe course for the Minister of Finance and thereby averted the severe set-back in our economy, as well as the many unnecessary inconveniences caused by the current budget. The minister preferred to make a bold new approach by consulting amateurs who led him down the garden path to budget chaos.

On launching his budget, the Minister of Finance told us that someone had given him his horoscope for that day, which read, "Don't worry over money matters". The measures proposed in the budget would indicate that the minister had, indeed, been heeding such advice during the period of its preparation. He made many decisions on money matters which at the time did not worry him, but which have since given the Canadian people much worry, and himself a severe headache.

The three ghost writers must have absorbed a good part of the worry in connection with the budget during the course of its preparation. However, Mr. Speaker, it appears that they shared the mental lapses of the minister and between them they came up with a document that, had it not been for last minute adjustments, would have made a complete shambles of the economy which a Conservative government had well on the way to boom proportions.

Perhaps the most flagrant disregard for what the repercussions might be was the introduction of the 30 per cent takeover tax. This measure immediately created confusion and frustration on our stock markets and

Canadian stocks in foreign markets suffered drastic depreciation. The finance minister admits mistakes and makes all sorts of excuses, one of them being that the budget was prepared in great haste. Why was such an important document given a deadline? Did it have a date with those historical 60 days of few decisions? Was it to finish those dismal days in a blaze of glory, with the minister emerging as a great hero and perhaps making his first step toward fulfilling his aspirations to the Liberal throne? Rather, Mr. Chairman, he took a step backward. Instead of a crowning achievement, he produced a document which gave his government a severe jolt and which is unacceptable to the Canadian people.

After several days of creating havoc to our prestige abroad, and after much pressure from financial circles and the upper echelons of Liberal supporters, the minister proceeded to make another unforgiveable mistake. This was the timing of the withdrawal of the 30 per cent takeover tax—50 minutes before the Toronto and Montreal markets closed.

These acts of indiscretion have created deep doubts as to the ability of this government in the minds of our people and the world at large. The speculation that other similar incidents could follow has created a state of demoralization in Canada. Financial circles will now be reluctant to place confidence in this regime. Furthermore, it is now evident that any prestige the Prime Minister gained from his recent trips abroad has been nullified.

At this point I should like to quote two Ontario newspapers representing quite a large area of Ontario. The first excerpt is from the Rodney *Mercury* and explains why there has been a reversal in editorial opinion in recent months.

> When this is taken into consideration, plus all the other poorly conceived tax changes in the budget, some of which have had to be modified or thrown out, is it any wonder editorial opinion has reversed and the situation has caused many raised eyebrows in this country and around the world?

The second excerpt is from the Listowel *Banner*, which sees changes in taxes and personnel as a result of the budget.

> One of the most glaring faults is the imposition of the 11 per cent sales tax. This fault is being greeted with so much opposition outside the government that it may be safe to bet that Prime Minister Pearson will also find a convenient way to banish it, as well as Mr. Gordon.

I should also like to quote an excerpt from "Industry", a publication of the Canadian Manufacturers' Association, which was not unfriendly to the government earlier in the year. They state in an article headed "Opportunity Lost":

> Manufacturers already are required to pay the sales tax on the goods they produce; they are now to be made to pay it on the machinery used in the production of these same goods. In effect, they will be paying the tax twice over. This isn't just; it isn't wise; and it certainly isn't expansionist.

Now, Mr. Chairman, let us take a look at another measure that strikes a severe blow at the very heart of the economy. The 11 per cent tax on building materials shocked the country. People in all walks of life and of all political affiliations looked on this measure as a stab in the back so far as our progress is concerned. This government professes its eagerness to reduce unemployment. Yet it proceeded to knock the props from under our building program.

Within hours of this announcement telegrams and telephone calls poured into Ottawa from every part of Canada and from many elements of our economy denouncing this ridiculous move. Members from all parties gave full support to these protests and the minister was again forced to retreat, with much embarrassment to his government.

The new system of applying the tax on a graduated basis over the next 18 months before finally establishing the 11 per cent level gives speculators an opportunity to take advantage of the situation. In the process of stocking up, a false demand will be created which will boost the price of many articles in the building trade, so that the extra cost to ultimate consumers could be 20 per cent.

Our housing industry will suffer the most and it is the key to a wide field of industry. Houses require a great variety of equipment, and this tax at every turn on building materials will kill the goose that lays the golden egg.

The minister may point to the $500 bonus for winter house construction, but this to the housing industry is tantamount to administering soothing syrup to a man dying of cancer. In most areas of Canada the cost of construction for protection against weather, and the cost of the required heat, would be far beyond the bonus, so it is only window dressing.

My deep concern is for my own area where, under a Conservative government, we not only had a successful housing program but a great surge forward in the production of summer homes. The Grey and Bruce shoreline is blessed with some of the finest beaches on this continent and an excellent development was in full swing. The tax on building materials will set this development back many years in this area where we have so much to offer and in which we take great pride and, most important, which has such great potential for our economy.

What about our farm people, Mr. Chairman? Under an 11 per cent penalty will they continue to extend their barn and housing facilities, repair or build new fences, paint their buildings or keep up usual repairs? I am afraid they will not, because in this budget they are almost a forgotten people. I heard one of the government members, when questioned why agriculture was not given more consideration in the budget, reply: "Why should we? The farm people did not do anything for us last April."

I can recall four or five incidents that have happened in my riding since April which are tainted with miserable political expediency. If this is the game this government is going to play with the Canadian people, their limited time in office will be too long.

Of course, by continually casting reflections on the former administration in his budget speech the minister indicated that the government would use every opportunity to try to brainwash the Canadian people. In making this attempt at political play the hon. gentleman has confused and frustrated many, including members of his own party. The position they now hold and which they are desperately trying to consolidate is being tumbled into ruins by their own arrogance.

The Canadian people expected something much better than this from what was once a great political party. They expected great forward looking programs of human and resources development. Our people visualized a continuance of at least the good policies of the last government. Many things could have been proposed which could help our economy and our way of life. I will mention a few: More incentive to our own investors; provision for an accelerated program of roads to resources; roads to tourist attractions; more national parks; projects to divert more water from such areas as the Albany river watershed and the many other lakes and rivers that might be channelled into the great lakes for the purpose of bolstering water supply and water levels, something so badly needed in Ontario at this time; concentration of incentive for industry everywhere, and at least an even break for agriculture.

What did we get, Mr. Chairman? In a few short words we got a disappointed, frustrated, confused Canadian people. As for the government, their 60 days of hope, promises, trials and tribulations have boiled down to 60 days of desperation.

In my opinion, sir, the budget should have been a sacred manuscript. It should have offered the Canadian people an honest and sane contract in a spirit of good faith. It should have been the essence of justice and good judgment, with the assurance that the contents of this important document in its finality were known only to the minister. Nothing less has been acceptable to our people in the past and this occasion should be no exception.

Mr. Patterson: Mr. Chairman, I thought for a little while this evening that the debate had proceeded to the point of a detailed consideration of some of the issues in the resolution, but I find that it has now turned back to a more or less general discussion of the principles involved. I am glad, because this gives me an opportunity to take part in the debate and outline in a general way our position relative to some of these matters.

I think it is doubtful that any proposal in the field of taxation has ever met with such a storm of protest as the one before us tonight, the withdrawal of the sales tax exemption on building materials and production machinery. I agree with the Minister of Finance, of course, when he says that no tax is popular, but it seems to me this one is especially obnoxious in that it not only reduces still further the purchasing power in the hands of the people but also threatens the very objectives it proposes to realize. If I understood the statement made by the Minister of Finance correctly, he pointed out that one of the objectives was the balancing of the budget or at least bringing our financial affairs into closer proximity to a balanced budget. The second was the creation of employment opportunities. Another one was the expansion of the economy. I am sure that these various matters to which the minister has called attention are of vital importance and they have been dealt with by various speakers throughout the day.

I should like to refer, first of all, to the announced intention of endeavouring to balance the budget. I know that the hon. member for Danforth ridiculed this idea. He said it was not desirable, and it was something that should not be sought after. But I believe that the present picture as it relates to our national debt, and to the cost of servicing the national debt, would point up very definitely the importance of doing something in this field of endeavouring to balance our budget. I should like to refer to the statement made by the hon. member for Medicine Hat. The hon. member made some suggestions and asked the minister if he would reply to those suggestions. Unfortunately, the Minister of Finance has not done that as yet. This reminds me of the fact that a number of years ago Social Credit members in the house made some suggestions relative to monetary and financial reform. A great deal of criticism was levelled against us, not only by members of the house but by some of the newspapers.

A newspaper in eastern Canada, the *Fundy Fisherman*—I am sure many of us know who is the publisher of that paper—in an editorial said that it would take more than ridicule to get rid of Social Credit proposals in the field of monetary and financial reform. I recall another occasion when I was speaking in the house and I asked the then minister of finance if he would outline his views relative to the proposals we were advancing. We received the same silent treatment as my colleague from Medicine Hat has received today in relation to his request. I would suggest that before this debate is brought to a conclusion, the Minister of Finance should reply to my colleague and give some reason for his inability to accept these suggestions. He should outline the weaknesses in these proposals so that, at least, if they are not satisfactory we will know there is no use proposing them again. So long as we are met with silence in connection with our proposals, we are likely to keep pounding along making them time and time again until perhaps we do get some response from the Minister of Finance.

I suggest, Mr. Chairman, that since this measure has been outlined as one of the measures that is aimed at the objective of balancing our budget, then these things should be taken into consideration. I believe that the steps that have been taken will lead us to the point of diminishing returns. The minister pointed out a number of rises in the cost of material and indicated they had not caused any disruption so far as construction is concerned. In other words, he seemed to imply he was going to work on the principle of putting on as many taxes as the traffic will bear. I suggest if we take that attitude, if we continue with that principle, then we are going to reach the point where we stifle production, where we stifle construction and instead of increasing our revenues we will find our revenues decreasing.

In so far as employment opportunities are concerned, it would seem to me that the implementation of the proposals now before us would just work in reverse. I, as well as many other members in the house, have received many communications. I am not going to read them, I am not going to give them by name. I just refer to this matter and say we have received these communications indicating that project after project has been shelved or delayed and, in some cases, businesses have been closed up, productive enterprises have ceased to exist, men have been thrown out of employment.

Of course, when men are thrown out of employment they go on the unemployment insurance list and receive payments, thus putting a further strain on a fund that has been in serious difficulty in the past. It would appear to me, Mr. Chairman, that the objections that have been raised, so far as this particular aspect of the resolution is concerned, are very sound, and instead of promoting employment opportunities they are going to throw men out of employment, cause further unemployment.

The third point was a reference to the expansion of the economy. I believe the periodical "Industry" published by the Canadian Manufacturers' Association was referred to today. I should like to quote this very short paragraph from the periodical:

> In short, the effect of this extension of the sales tax can only be to slow down economic activity, hold down employment, inhibit competitiveness, retard productivity improvement and generally act as a depressant rather than a stimulant.

Now, that seems to sum it up. The minister may take objection to some of those suggestions, but nevertheless I think they should be given consideration. I had a communication from Mr. Pybus of the industrial development commission of greater Vancouver with reference to this whole matter of expansion of the economy. Perhaps I should just make a brief reference or two to this particular letter. He says:

> We in British Columbia, as across the prairies and in the maritimes, are fighting to expand and develop new secondary industries in order to create job opportunities for our young people and our growing work force and a better balanced economy. We cannot reconcile this setback for growth in job-creating industries with the Liberal party's espoused sympathy for and policies to expedite economic growth which gave much hope to the great numbers in need of work.

Now then, what are some of the categories that are affected by the removal of the sales tax exemption from this particular item? First of all, we think of the potential home owner. I recall many members in the house in other days speaking of the importance of our people owning their own homes, emphasizing the fact that every encouragement should be given to our people to own their own homes, because it gave them a sense of security and well being that nothing else could give. I am sure that today we all agree with the desirability of home ownership. We think of Central Mortgage and Housing Corporation, an institution which I believe is designed to make home ownership possible. On the other hand, when we look at the other side of the picture we find that the imposition of this tax is going to work in the opposite direction. It has been pointed out that a $500 bonus has been offered to people who build in the wintertime. Well, of course, that is used up by the extra cost of building in the wintertime.

One hon. member referred to the fact the government had made certain amendments to the National Housing Act in order to lower interest rates and extend the period of amortization. I would suggest that this is not going to solve the problem or meet the need. It may be a matter of putting a little money into one pocket and taking it out of the other, but it will not accomplish anything so far as the potential home owner is concerned.

Even those who are remodelling or repairing their present homes will be affected. I had a letter from one of them who said he could not proceed to do necessary renovations to his home because of the imposition of this tax.

Mr. Chairman, there is an industry to which not too much reference has been made in this debate, and which is subject to this tax. I have here a telegram from Mr. L. P. Starck, of the Giant Mascot Mines Ltd. at Hope, British Columbia, and I want to read part of it as it points out something that has not been referred to in the course of this debate. It reads:

> As western Canada's only nickel mine we wish to protest the imposition of 11 per cent tax on equipment and supplies used in manufacturing. Pyramiding effect of tax through all levels of manufacturing will ultimately increase material cost by some 15 to 18 per cent. This conservatively means cost increase to our company of $9,000 per month. Due to low prices and lack of markets in Canada we must sell our production to Japan on a long term fixed price contract without escalator clauses for increased cost. As we cannot pass increased cost on to consumer we must effect them by reducing crews and curtailing development and exploration projects. This means reduced employment. Ultimately this could result in closure of operation which would mean the loss of 150 jobs and a payroll of $80,000 per month in Hope.

As I say, that is just part of the telegram, and it asks for the repeal of this resolution.

Reference has been made to its effect on the entire construction industry, but I believe it will have a very detrimental effect right through our whole economy. We appreciate some of the changes that have been made since the introduction of the original resolution, and we appreciate the exemptions that are being continued. They will be of real importance in British Columbia. There has been some discussion tonight about universities and colleges, and in British Columbia plans are already under way for the erection of additional universities. This exemption will be of real benefit to such projects.

We also appreciate the exemptions now being provided to various municipalities, and are appreciative of the fact that the minister has indicated the imposition of the tax will be phased, with 4 per cent this year, another 4 per cent next spring and the remainder at the end of December 1964. However, even though this is appreciated, I do not think it is going to meet or answer the need of industry across the country. It is rather like the fellow who is going to cut his dog's tail off and he decides he will cut it off in little pieces because it would not hurt so much. That is the same principle which the minister is applying, to accomplish the same objectives in the final analysis.

Once again I would urge the minister to look at this situation and see if he could not discover some other more satisfactory way of obtaining the necessary revenue than by the imposition of a tax of this nature. I would remind him of the suggestions made by my colleague, the hon. member for Medicine Hat, and I ask him to give these careful consideration because they would be an effective alternative to the proposal now before us.

Mr. Irvine: Mr. Chairman, would I be out of order if I suggested that we call it ten o'clock?

The Deputy Chairman: I think you had better go ahead.

Mr. Irvine: Under ordinary circumstances, even an opposition member might be expected to congratulate a minister of finance upon the presentation of one of his first submissions to the house. As the member for London, and anticipating an opportunity to participate in this discussion of the 11 per cent tax, I considered this an ordinary and a proper courtesy; but after due consideration I have come to the conclusion that neither proprieties of the house nor the dictates of common courtesy impose any such obligation.

Mr. Chairman, speaking on this resolution, let us not delude ourselves. This is still an 11 per cent tax, an escalator tax and, as the hon. member for Digby-Annapolis-Kings suggested some time ago, it is a tax that is a part of a budget of deceit and deception, of fiction and of fraud.

The Prime Minister once had an enviable reputation as minister of external affairs, as a diplomat, and as a Canadian. I was prepared to accord him every respect in his office of Prime Minister. This is only as it should be, regardless of what I might consider the inaccuracies and fallacies of the right hon. gentleman before and during the recent election campaign; but the Prime Minister must share with his Minister of Finance responsibility for the budget in all its details, including this 11 per cent escalator tax. The office of Prime Minister is now to be equated with the ineptness of the Minister of Finance.

For the average Canadian this tax is one part of a budget of disreputable gimmicks, even as the Liberal campaign in the last election was a campaign of phoney truth squads

and colouring books. The committee is being asked to vote confidence in the government by giving its approval to this resolution. But, sir, it is a tax in which the government itself is already beginning to show signs of no confidence.

From individual builders, construction groups and manufacturing concerns all across the country, there has come a tide of protest against the imposition of this tax on building materials and production machinery. If one were to take the file of letters, telegrams and submissions that I have in my office, and multiply them by the 265 members in the Commons, it would represent an amazing array of protest and indignation.

This is the strangest of all the manoeuvres of the minister and his three budgeteers. The government wants to get the economy rolling; it wants to stimulate construction and increase employment. Yet it imposes an 11 per cent penalty upon business expansion in the form of new plant facilities. To help still further to increase employment and stimulate production, it slaps a similar tax on the very tools of industry, new production machinery and equipment.

I recently had a delegation from London, from an automobile firm which was contemplating a $2½ million expansion program. They had already drawn plans for the building, but since then have cancelled the whole plan and are going to make automobile parts in an American plant and bring them in duty free—which they are able to do, and of course at a lower price than they can make them in Canada. All this is as a result of this prohibitive tax. That is only one item. Multiply it again by 265 ridings across the Dominion of Canada and immediately we have a loss of well over half a billion dollars, to say nothing of the loss of potential work for many thousands of people for years to come. I submit that this is a gigantic retrograde step.

A few moments ago the hon. member for Port Arthur mentioned public libraries. I raised this matter in the house at one time. I learned something on that occasion. All hon. members learn as they go along, or hope they will. I have received representations from the Canadian library association and from the London library, the main library in my constituency. May I refer to paragraph 4 of the resolution which refers to "a school, university or other similar educational institution". I am wondering just how similar it has to be, and just how more similar an institution that supplies learning for people from the time they go to kindergarten until they go to the grave could be to a school, university or other similar educational institution. I have no doubt that the minister thinks he knows all the answers, but there is an old saying that goes something like this: "When you review the things you think you know, you get to know the things you thought you knew".

Across the country business and industry contemplating new plant and equipment will start to prune and trim capital outlays. The deeper and more drastic the pruning, the less will be the minister's estimated revenue flow from that source. More important, millions of dollars in orders for materials, machinery and equipment will be cut back. With these cut-backs will be applied the brake to supplying industries and providing employment. Just as in the case I have cited with regard to the automobile supply firm, Eaton Automotive Company of London, I can only regard this as one of the most disastrous decisions taken by this government within its vaunted 60 days of decision. I submit, Mr. Chairman, that this is a vicious and unwarranted tax brought to bear upon one of the most sensitive sectors of our economy. It is a reprehensible tax imposed by a discredited minister and a discredited government. In the best interests—

Mr. Matheson: Mr. Chairman, may I ask the hon. member what is discreditable about placing equipment supplies and construction material industries in precisely the same position as other industries?

An hon. Member: Put it on the order paper.

Mr. Irvine: Mr. Chairman, there are people who have sat in this house for so long they have become benevolent in their thinking. I do not exactly know what the hon. member said because he was not very clear. But I will talk to him again some other time. I was just saying that in the best interests of the country and the government itself, the Minister of Finance should withdraw this tax or resign forthwith.

Some hon. Members: Hear, hear.

Mr. Irvine: Nothing he can now say or do will ever restore confidence in him as a finance minister in the tradition of Canada and the Canadian parliament. Mr. Chairman, when this tax was introduced the minister, with that brand of narrow partisanship with which he has so characterized himself, trumpeted that the brain truster would seek out any and all skeletons from the Conservative fiscal closet. It seems to me that the minister himself is the one that is haunted; he is haunted now by the spectres of the three

hired budgeteers, the clatter of the ticker-tape machines making fortunes for the big speculators as a consequence of his ignorance and thoughtlessness. It is the minister who is harried by thoughts of what may next plop out of the Liberal closet of ineptitude and gimmickry. Mr. Chairman, Britain has its Profumo case. Canada has its "perfumo" case, in this whole tragic and demoralizing episode of an excuse for a budget. In short, sir, this is part of a tainted budget contrived by a discredited minister and a government in bad odour.

Mr. Ricard: Mr. Chairman, may I call it ten o'clock?

Some hon. Members: No.

Mr. McIntosh: Argue the point now. Keep it going until ten o'clock.

(Translation):

Mr. Ricard: Mr. Chairman, upon rising to make a few remarks on the resolution now before us, I cannot help taking this opportunity to recall the election campaigns of 1962 and 1963 and to compare them with what happened on the eve of June 13, 1963.

If you remember, Mr. Chairman, during both last election campaigns, the team now sitting on the treasury benches had led the population of Canada to believe that a Liberal administration would cure all ills and that its coming into office would change Canada in such a way that it would become a new Eden.

However, the people were bitterly disappointed when they learned, since June 13 last, what the Liberal team was up to.

Budget night was remarkable in its own way for the people of Canada, because it gave birth to dissatisfaction and doubt about the economic future of Canada.

Mr. Speaker, may I point out that it is now ten o'clock?

(Text):

Progress reported.

BUSINESS OF THE HOUSE

Mr. Knowles: Mr. Speaker, would the house leader—

Mr. Churchill: Do you want to ask it? I will give you the opportunity.

Mr. Knowles: Mr. Speaker, this is the hon. member for Winnipeg North Centre speaking for the hon. member for Winnipeg South Centre and asking what the business is for tomorrow and the next day.

Mr. Pickersgill: Mr. Speaker, I would hope that tomorrow we would complete the resolution, so we could then proceed. If we do complete it before the end of the day tomorrow, we would ask to have first reading of the bill based upon it. Then if the committee felt so inclined, we would hope they would do what they did with the Customs Tariff, give second reading and go right ahead with it. But if there were any inclination on the part of the house not to do that, we would go back to the economic council. The same situation would apply if as I hope will not happen, we go over to Thursday with the excise tax resolution. As soon as it is completed we would seek leave to proceed with the bill. If leave is not given we would go on with the economic council. If a great deal of progress is made I am sure the government can scrape up some other business to keep the house occupied.

Mr. Churchill: The hon. member for Winnipeg North Centre got as long and as involved an answer as I get, normally.

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

HOUSE OF COMMONS

Wednesday, July 24, 1963

The house met at 2.30 p.m.

BANKING AND COMMERCE

Fifth report of standing committee on banking and commerce—Mr. Asselin (Notre Dame de Grace).

GRAIN

WHEAT, OATS AND BARLEY—ANNOUNCEMENT OF INITIAL PRICES

Hon. Mitchell Sharp (Minister of Trade and Commerce): Mr. Speaker, I wish to make a statement about Canadian wheat board initial prices to producers for western wheat, oats and barley for the crop year beginning August 1, 1963. These are being fixed at $1.50 per bushel for No. 1 Manitoba northern, basis in store Fort William-Port Arthur or Vancouver; 60 cents per bushel for 2 C.W. oats, basis in store Fort William-Port Arthur; 96 cents per bushel for 3 C.W. six-row barley, basis in store Fort William-Port Arthur. These are the same levels as for these grades during the crop year which is now drawing to a close. Initial prices for other grades of western wheat, oats and barley will be announced later by the Canadian wheat board. Although the government takes full responsibility for the level of initial prices, under the Canadian Wheat Board Act the Canadian wheat board was, as is customary, asked to make its recommendations which were in accord with the government's decision.

Before reaching its decision on initial prices and on other aspects of the government's program which I shall refer to later, the government made a careful reassessment of the rapidly changing grain situation, and consulted not only with the Canadian wheat board but with a number of farm leaders from the prairies. Taking into consideration the stocks on hand, the record grain crop that appears likely to be produced on the prairies this year, the uncertainties created by the results of the United States farm referendum, and the negotiations now going on in Geneva under the auspices of GATT for new international arrangements for the marketing of cereals, the government came to the view that the initial prices should remain unchanged for the coming year. The government shares the opinion of major farm organizations that efforts should be concentrated on moving as much grain as possible.

There are two sides to this matter of our wheat marketing, supply and demand. Taking one year with another and a variation in yields which must be expected, we should aim to avoid the production of unmanageable surpluses and through appropriate crop diversification be in a position to meet changing domestic and foreign demand for wheat, coarse grains and livestock. Our production policies, including the various programs affecting wheat and other grains, must be designed to achieve these objectives. The government has initiated a review of these policies and programs to determine in what way they might be adjusted to achieve a better balance in agricultural production and the avoidance of burdensome surpluses. For example, the government considers that we should be in a better position than we are at present to meet the expected increase in demand for livestock and feed grains. On the demand side, the government is making every effort to help the wheat board to increase to the maximum commercial sales in markets throughout the world, wherever they are to be found.

The government has decided that the time has come to move forward on another front which should prove of both short run and long run advantage to western wheat producers. To help meet the food needs of the developing countries, Canada for many years now has been making wheat and flour available as part of our Colombo plan assistance. I wish to announce at this time the intention of the government to ask parliament to provide for a program of supplying wheat or wheat flour to international agencies, including the world food program, and to developing countries which are not now commercial markets or where commercial exports are limited by capacity to pay. Something can be done this year. The intention is on a progressive basis to increase the amount of Canadian food aid in appropriate relationship to the total of our assistance activities. It is expected that the total allocation for this purpose might rise to a level of around $40 million per annum over the course of the next few years.

The actual amount of wheat and flour to be made available for assistance purposes in the next crop year will depend on the needs of the world food program and the absorptive capacity of the developing countries we wish to assist. Safeguards will be introduced to ensure that the provision of additional Canadian wheat and flour does not interfere with

the normal commercial marketings of Canada and other exporting countries whom we shall be consulting as appropriate. I am confident all members of the house will agree that food aid, in particular the provision of wheat and flour which we are so well placed to produce, should be a continuing and important part of our external development assistance programs as long as the need for food exists.

This enlarged program of food aid, in combination with the efforts that are being made to maintain and increase commercial sales, to gain access to import markets and to stabilize international trade at reasonable prices, seems to the government to represent the right approach to the problems that confront western grain producers under present circumstances. I feel confident it is an approach that will commend itself to western producers and to hon. members on all sides of the house.

Right Hon. J. G. Diefenbaker (Leader of the Opposition): Mr. Speaker, as I listened to the unveiling of this plan I could not but recollect that when we were in office we were criticized for assistance by way of wheat, grain, flour and the like to needy countries. I, and all hon. members of this party, are very happy at the conversion of those in the Liberal party who previously held the very reverse of the opinion inherent in the announcement today.

It will be recalled that we gave strong support to the setting up of an international food bank in order to provide assistance and aid to needy countries, and at the same time to permit the setting aside of surpluses which otherwise would hang over the market price. Furthermore, we greatly expanded assistance under the Colombo plan to nations within the commonwealth. We increased this aid from $30 million to about $50 million. Last year, by reason of special circumstances, we reduced that amount, but it was still approximately $7½ million or $10 million more than had been the case when we came into office.

The minister also made reference to the need to expand our markets, and we are also in accord with that. We recall so well that during the days of the previous Liberal government the then minister of trade and commerce stated "If they want our wheat let them come and get it." That was not the attitude of the government of which I had the honour to be head. We expanded our markets, and we are now glad to hear that the present government intends to follow in our footsteps and will make available the necessary credits to those nations which because of their peculiar economic conditions would be unable to make the required purchases.

I have nothing to say in regard to the initial price. The ultimate determination as to whether what is being done is worth while so far as the farmer is concerned will await the final payment, which will indicate the actual price the farmer will be receiving. However, I am sure no one will be surprised when I express the view that the western farmer will be taken aback at the complete failure of the government to carry out one of its major agricultural promises—

Mr. Mandziuk: Commitment.

Mr. Diefenbaker: —"commitment" is the word, whereby it undertook to pay $3 per bushel for the initial unit of 300 bushels. That seems to have joined the ranks of the forgotten promises, as well as the promise of a floor of $2 a bushel. It was singularly absent from the announcement made by the minister, and indicates that these two promises of $3 for the first 300 bushels and a $2 floor have joined the ranks of the forgotten promises of a few months ago.

Mr. H. A. Olson (Medicine Hat): Mr. Speaker, we in this group welcome the announcement that has just been made by the Minister of Trade and Commerce respecting the initial prices to be paid for wheat, but I think that welcome will have to be confined to the fact that it was announced a little earlier this year than it was last year. It is exactly the same as it was last year and, as the Leader of the Opposition has just pointed out, it appears to be a major retreat from the promises that were held out to the western farmers, first of all for $3 a bushel on the initial quota; and in so far as the $2 a bushel is concerned, being the floor price that was promised, I suppose we will have to wait and see what the final payment will be before we pass judgment.

I hope that the efforts of the Canadian wheat board in selling wheat and wheat flour in the international market will be supported by the government in allowing the wheat board to be more competitive; that is, to offer more competitive terms, which I think all hon. members realize are necessary in the international wheat market today. Credit, of course, is one of the very important terms that must be offered if we are to be competitive. Of course there are other things as well that should be taken into consideration.

The minister pointed out that there is a need for balancing the production of farm products; that is, to try to shift some of the emphasis to livestock products, for which

he suggested there is a demand. I suggest to him that this may be well so until we reach the point where we have a surplus in this area of farm production also. While the beef industry particularly is the only part of farm production that is in a healthy position today, I suggest to him this is so because there has not been overproduction of this product. It seems to me it is rather important that we consider keeping a healthy industry healthy.

Regarding the matter of offering food in the form of wheat and wheat flour to countries as aid, I would say on behalf of this party that we welcome this program. We have suggested over the years that this is an area to which the Canadian government should really be paying a little more attention. I hope when they do make these offers they will take into consideration the depressed condition of the flour milling industry across Canada and perhaps put a little more emphasis on offering the product that is processed in Canada rather than the raw material, which has been the case in the past. I might also say in closing that we were a little perturbed about the cut made in the Colombo plan last year by the previous government. We are happy to see that the government is moving into this food aid program even though it may be in a different channel.

Mr. T. C. Douglas (Burnaby-Coquitlam): Mr. Speaker, the prairie farmers generally will be disappointed at the announcement that has been made with reference to the initial price that is going to be paid on this year's crop. A former agricultural spokesman for the Liberal party used to describe such announcements as peanuts.

Mr. Woolliams: That is right.

Some hon. Members: Hear, hear.

Mr. Douglas: Certainly that would be a very apt description of what is being proffered today. I would have hoped the minister would say something about the very definite commitment made to prairie farmers by the Prime Minister in his statement in Saskatoon on March 6 last. That commitment involved two things. It involved first of all a guaranteed payment of $2 a bushel for wheat, basis Fort William; it also involved a two price system for wheat under which the wheat consumed in Canada would be estimated on the equated price and the extra money would be paid to the farmers on their initial delivery quota.

The minister has made no mention of either of those commitments, nor has either the minister or the Prime Minister at any time said this is now accepted as part of the Liberal commitment and that if it is not going to be done now, it will be done in the near future. The government has simply ignored its commitment, but I think it will not be allowed to forget it by the great bulk of the farmers of the prairie provinces.

With reference to the proposal that additional wheat and wheat flour should be given to emerging nations, I am sure this will have the support of the people of Canada. Certainly I can assure the government that it will have the support of the members of this party. At a time when we have surplus food in Canada one of the great weapons of democracy is to use this surplus food to help strengthen the emerging nations and help them in this period of transition through which they are now passing.

However, I do not think forty or fifty million dollars worth of wheat or wheat flour is going to solve our problems, and I hope the government will be giving some consideration to following the program which the United States has followed of making wheat available to countries who need it in exchange for foreign currency, or even on a barter basis, and certainly on a long term credit basis.

Unless this wheat can be moved it is going to create a very serious economic problem for the people of Canada. But the immediate problem, the problem to which I think the government ought to give its attention, is the price for the farmers. The bright promise which has been made by the government of a $2 a bushel guaranteed payment and a two price system is something to which we hope the government will give attention, and give assurance to the house that this will not be merely a forgotten promise.

[*Later:*]

On the orders of the day:

Mr. G. D. Clancy (Yorkton): May I have your indulgence, Mr. Speaker, because of the fact I am not sure to whom I should address this question. Is there any truth in the rather substantial rumours in western Canada that the cash advances are going to be subjected to 4 per cent interest this year? Second, in so far as the announcement by the Minister of Trade and Commerce is concerned, can he assure us that the wheat board will be reimbursing the farmers by at least the price under the international wheat agreement for the wheat and flour that is given away?

Hon. Mitchell Sharp (Minister of Trade and Commerce): The answer to the first question is that there is no substance to the rumour.

The answer to the second question is that the wheat board sells for cash and, so far as I know, always at the same price for the same grade. The wheat that is given in aid

or used for developmental assistance will, of course, be paid for at the going price at the time.

Mr. Eldon M. Woolliams (Bow River): May I ask a supplementary question concerning the initial price of wheat. The minister said he had consulted the leaders of western farm organizations. Were their suggestions in line with the prices he announced today for wheat, oats and barley?

Mr. Sharp: Some of them were.

Mr. G. H. Aiken (Parry Sound-Muskoka): May I ask the Minister of Trade and Commerce whether the provisions concerning wheat flour which he announced today for the world food program are in addition to the commitment already made, or are they part of the original commitment?

Mr. Sharp: The statement I made was that I hoped we would build up our food assistance in the form of wheat and flour to a level of about $40 million a year.

Hon. Alvin Hamilton (Qu'Appelle): May I ask a supplementary question. In view of this strong shift to giveaways in connection with wheat and wheat flour, particularly under the world food program, will this be done at the expense of our previous commitment to provide dairy products?

Mr. Sharp: The short answer to the hon. member's question, Mr. Speaker, is no.

[*Later:*]

Mr. Nicholas Mandziuk (Marquette): Mr. Speaker, I wish to direct a question to the Minister of Trade and Commerce, who has given us a very disappointing announcement regarding the initial payment for wheat. My question arises out of the fact that he stated he was worried about the unmanageable surpluses. My question is, what surpluses did he have in mind, and what scheme would the government have in order to manage these surpluses; or is it like the old Liberal government of bygone days, where they paid—

Mr. Speaker: Order.

Mr. Mandziuk: Where they paid for keeping the land out of crop.

Mr. Speaker: Order. You have stated your question, let the minister answer.

Mr. Sharp: Mr. Speaker, I am not sure what the question was. I listened to a speech. However, I do suggest that when the farmers of western Canada know about the program I have announced today to extend more food aid to the needy countries of the world, and thereby increase the markets for Canadian wheat and flour, they will not be disappointed.

I think the second part of the question had something to do with what I stated about unmanageable surpluses. What I had in mind was the possibility that if we do not follow appropriate policies we might have unmanageable surpluses.

Mr. Horner (Acadia): Why didn't you think of that before the election?

Mr. Sharp: I say to the hon. member who has just interrupted, I do not think it helped greatly when the former minister suggested the farmers should grow all the wheat they could, and that he would sell it for them.

Mr. Horner (Acadia): And he would have, too.

Mr. Mandziuk: A supplementary question, Mr. Speaker. Might not the Minister of Trade and Commerce be well advised to get Alvin Hamilton to help him sell the wheat?

Mr. Woolliams: A supplementary question, Mr. Speaker—

Mr. Speaker: Order. I think this is becoming in the nature of a debate. The hon. member for New Westminster.

Mr. Woolliams: Mr. Speaker, I would like to ask a supplementary question. It is not a question of debate. My supplementary question is briefly this—

Some hon. Members: Order.

Mr. Woolliams: How many million bushels does the minister say his policy will help get rid of; how many million bushels will they export?

Mr. Mandziuk: None.

NATIONAL PARKS

NOVA SCOTIA—ANNOUNCEMENT OF ESTABLISHMENT OF NEW PARK

Hon. Arthur Laing (Minister of Northern Affairs and National Resources): Mr. Speaker, I wish to announce to the house the approval in principle by this government of the proposal of the government of Nova Scotia for the establishment of a new national park in Nova Scotia. This announcement is being made simultaneously by Hon. R. L. Stanfield, premier of Nova Scotia, for the government of Nova Scotia, and by myself and on behalf of my colleague the Minister of Labour for the government of Canada. At this time I want also to thank for their co-operation and assistance members of parliament from the province of Nova Scotia who sit both to your right and to your left.

The proposed national park is to be established at Kejimkujik lake in western Nova Scotia and becomes the first national park to be established since the creation of Terra Nova national park in Newfoundland in 1957. The proposed national park is 38 miles south of Annapolis Royal and 150 miles west of Halifax. It is considered to be an outstanding example of Nova Scotia's beauty of forest and sea. More than 20 lakes, some with excellent beach potential, and a number of connecting rivers are the heart of the park proposal. In addition to the lake area, a representative section of Nova Scotia's Atlantic shore line will be preserved as part of the new national park. Kejimkujik lake will be the site of the national park in Nova Scotia and the nineteenth national park in Canada. Cape Breton Highlands national park on Cape Breton island, Nova Scotia, was established in 1936.

On behalf of the people of Canada I wish to express our gratitude to the government of Nova Scotia for having made available, free from encumbrances, these scenic lands which will henceforward be dedicated to the people of Canada. Both this government and the government of Nova Scotia have proceeded as expeditiously as possible to settle the final details of the arrangements. We hope for a conclusion in the early months of this fall so that this important project can be placed in motion.

Hon. George C. Nowlan (Digby-Annapolis-Kings): Mr. Speaker, I am sure the house will have been interested in the announcement just made by the minister, and that the members from Nova Scotia will have been delighted. He will understand, of course, from his reference to the name of Annapolis Royal that I have more than a mere academic interest in this matter. This is one of the decisions of the government of which I can fully approve. In fact this step may have been recommended by my colleague the former minister, and in that connection it adds to my interest.

This will be a great addition to the tourist industry of Nova Scotia. The selection is one which, sited as it is in an area in the southwestern part of the province, will have a great impact on various constituencies represented here, and one which the government of Nova Scotia have fully approved and recommended.

I commend the government for having proceeded in this way by bringing the proposal forward as soon as possible.

QUESTIONS

Mr. Pickersgill: The following questions are being answered today: 472, 813, 837, 858, 916, 925, 926, 936, 948, 951, 953, 961, 978, 980, 981, 984, 992, 993, 1026, 1029, 1030, 1033, 1037, 1038 and 1041.

I wonder if the following questions could be made orders for returns: 437, 816 and 950.

The following are additional questions for which returns are being tabled immediately: 869, 934, 937, 938, 939, 940, 941.

Would you please call starred questions nos. 912, 932, 955, 1042? The remaining questions stand.

(Questions answered orally are indicated by an asterisk.)

FEDERAL SHIPBUILDING SUBSIDY

Question No. 472—**Mr. Fisher:**

1. How has the federal shipbuilding subsidy worked, by year, in providing more ships and employment, in terms of scale of subsidy, scale of private spending to get subsidy, type and size of vessel constructed, place of construction and estimated man-days employment?

2. Has the maritime commission noted a trend to take less advantage of the subsidy and a preference of shipowners to buy old ships from foreign owners and, if so, what explanation does the commission have for this trend, with comments on what part the shipbuilding subsidy may play in this matter?

3. Has the commission under consideration any recommendations to the government regarding the subsidy or its legislative basis and, if so, when does it estimate these considerations will be completed?

Mr. McIlraith: 1. The following is a summary of vessels built and delivered and subsidy paid under the ship construction assistance regulations for the fiscal year 1961-62 and the fiscal year 1962-63:—

Fiscal Year 1961-1962

Area	Total Construction (in dollars)	Subsidy Paid (in dollars)
West coast	929,738	371,895

Fiscal Year 1962-1963

Area	Total Construction	Subsidy Paid
West coast	17,863,090	6,951,235
St. Lawrence gulf to east coast	8,033,462	3,315,136
St. Lawrence river and interior	24,846,283	6,083,725
Totals 1962-63	50,742,835	16,350,096

Types of Vessel

Of a total of 98 vessels built and delivered during fiscal year 1962-63, there were 12 fishing vessels other than trawlers, 6 trawlers, 19 tugs, 4 ferries, 4 tankers, 1 seaway bulk carrier, 5 coasters and 47 non-self propelled. During 1961-62, 10 non-self propelled vessels were built under the regulations.

With respect to employment, it is estimated that each one million dollars of ship construction provides 110 to 140 man years of work, taking into account both shipyard labour and labour in related industries.

2. No.

3. The Canadian maritime commission maintains a constant review of the subsidy program and of the ship construction and ship operating industries generally.

FREE TRADE WITH GREAT BRITAIN

Question No. 813—**Mr. Mather:**

Is the government giving consideration to the standing offer by Great Britain of free trade with Canada?

Answer: 1. I am not aware of any standing offer by Great Britain of free trade with Canada. As I reported to the house on May 24 Britain, the United States, Canada and other GATT countries have agreed that comprehensive trade negotiations, to be conducted on a most favoured nation basis, are to begin in May 1964.

(Translation):

AIR TERMINALS, ROUYN AND VAL D'OR, QUE.

Question No. 837—**Mr. Caouette:**

Has the government received any representations for the construction of air terminals at Rouyn and Val d'Or and, if so, what were the answers to these representations, and what action does the government intend to take in this matter?

Mr. McIlraith: Reprentation was made in September of last year to the department in regard to the provision of an air terminal building upon Val d'Or airport. The reply given to this representation made note that this airfield is a military establishment, and that any outlay of funds towards meeting civil aviation requirements upon the airfield must be undertaken in full cognizance of the overall objectives of the Department of National Defence and the Department of Transport. It was further noted that discussions were underway between the two departments in an examination of development planning of the civil aviation area.

The discussions on this matter between the Department of National Defence and the Department of Transport are continuing, and upon resolution, will leave the way clear to allow the planning and programming of new air terminal facilities.

There has been no representation received regarding air terminal requirements upon Rouyn airport.

(Text):

INVESTMENT IN PRICE SUPPORTED COMMODITIES

Question No. 858—**Mr. Mather:**

What is the total of federal investments in price-supported commodities?

[Mr. McIlraith.]

Mr. Pickersgill: At the close of the last fiscal year of March 31, 1963, the total of the federal investments in price supported commodities administered by the Department of Agriculture was one hundred and forty million, seven hundred and six thousand three hundred and eight dollars and sixty eight cents; by the Department of Fisheries, nil.

*PAROLE OF LEOPOLD DION

Question No. 912—**Mr. Marcoux:**

1. Who recommended the parole of Mr. Leopold Dion of Pont Rouge, Quebec, sentenced to life imprisonment in 1940?

2. What were the reasons given in support of this parole?

3. At the end of 1962 or the beginning of 1963, who recommended a new parole for the same man?

4. What were the reasons advanced in support of this parole?

5. Will a general investigation be made of the national parole board?

Mr. Macdonald: As to questions 1, 2, 3 and 4 I must reply that it is not the policy to disclose information contained in parole files because of the confidential nature thereof. In order that the national parole board may receive as complete information as possible, both good and bad, from all possible sources, the policy is to regard all information and representations contained in such files as confidential. Nor is it the policy for the board to disclose the specific grounds of parole in an individual case.

In order, however, that hon. members may fully understand the situation, I should like to add the following.

Under the terms of the Parole Act the board, with exceptions which are not relevant here, "has exclusive jurisdiction and absolute discretion to grant, refuse to grant or revoke parole" (section 5). The act also provides that the board shall, at the times prescribed by the regulations, review the case of every inmate of a penitentiary serving a sentence of two years or more, "whether or not an application has been made by or on behalf of the inmate" (section 6). The regulations provide—as far as present purposes are concerned—that, in the case of an inmate serving a sentence of two years or more, the board shall review the case at least every two years.

Review of such cases by the board is therefore not dependant upon any representations being made to the board and any such representations, whether emanating from the inmate or his friends, are taken merely as indicating an active interest on his part in obtaining a parole.

Coming now to question No. 5 the answer is that no intention has been formed to direct a general investigation of the national parole board. I need hardly say with what horror

we all regard the deaths of the four boys in Quebec city, to which the question obviously relates, or what profound sympathy we feel for their families. I intend, however, to await the outcome of the police investigation and the inquests, and any subsequent court proceedings, before making any further comment on this tragic case, except to say that I made a point of examining the files of the national parole board and, whatever the merits of the decision to grant parole in this case, I find, as I had anticipated, that the case was considered painstakingly and in complete objectivity by the board.

GRANT OF $100,000 TO B.C. INDIANS

Question No. 916—**Mr. Howard:**

Is the grant of $100,000 to provide for additional services to Indians of British Columbia earmarked for special purposes and, if so, what are those purposes?

Mr. Munro: Yes. The promotion of agriculture and irrigation, as well as other programs designed to promote the economy of the Indians of British Columbia such as fishing, logging, hunting and trapping.

Since 1959 an Indian advisory committee, comprising three members selected by the Indians themselves and representative of the Indians of the coastal, northern and mainland portions of the province, has been advising and assisting the Indian commissioner for British Columbia in the planning and allocation of funds granted for the purpose.

(Translation):

YIELD ON GOVERNMENT BONDS

Question No. 925—**Mr. Martineau:**

1. What was the average yield on ninety day government of Canada treasury bills for the period between July 3 and July 10?

2. Was the average yield higher than it was during the previous corresponding period?

3. What was the yield on 4 per cent government bonds due May 1964 during the period between July 3 and July 10?

4. Was this an increase over the previous corresponding period?

5. Has there been a general rise in interest rates during this period and, if so, (a) what is the reason for such a rise (b) is the government and/or the Bank of Canada taking any measures to stem any such rise in interest rates?

Mr. Gordon: 1 and 2. The average yield on 91 day government of Canada treasury bills sold by auction at recent weekly tenders has been as follows:

July 11, 3.39 per cent per annum; July 4, 3.26 per cent per annum; June 27, 3.24 per cent per annum.

3 and 4. The yield on 4 per cent government of Canada bonds due May 1, 1964 on the basis of closing Wednesday mid-market quotations in recent weeks has been as follows:

July 10, 3.83 per cent per annum; July 3, 3.53 per cent per annum; June 26, 3.60 per cent per annum.

5. Market yields on government of Canada securities rose generally during the period between July 3 and July 10. Because of the variety and constantly changing character of influences operating in the market it is not possible to state precisely the reason or reasons for any given change in prices. The Bank of Canada's holdings of government of Canada securities increased by $28.4 million in the week ending July 10, and net purchases of such securities by the bank which had not yet been delivered to it amounted to $60.9 million on July 10 as compared with $1.0 million on July 3; these figures are taken from the "Weekly Financial Statistics" release published by the Bank of Canada.

GILBERT AYERS—EMPLOYMENT BY C.N.R.

Question No. 926—**Mr. Drouin:**

Is Mr. Gilbert Ayers employed by the Canadian National Railways and, if so (a) what is his position (b) when was he appointed (c) when does his term of appointment expire and (d) what is his annual salary?

Mr. McIlraith: No. A Mr. Gilbert Ernest Ayers, Lachute Mills, Quebec, was appointed a director of the Canadian National Railway company for a term of three years, effective October 1, 1961, at a salary of $5,000 per annum, by Order in Council P.C. 1961-1382 of September 27, 1961.

(Text):

*CASH ASSETS IN CONSOLIDATED REVENUE FUND

Question No. 932—**Mr. Côté (Chicoutimi):**

1. What is the total of cash assets in the consolidated revenue fund?

2. What is the amount of "bank money" or of the credit created or issued by the chartered banks since 1954?

Mr. Gordon: 1. As of July 15 $565,401,180.22.

2. The chartered bank component of "Total currency outside banks and chartered bank deposits" which is usually used to measure the "total money supply" amounted to $8,856 million at the end of 1954 and $14,104 million at July 3, 1963.

These figures are published regularly by the Bank of Canada in its "Weekly Financial Statistics" and in its monthly "Statistical Summary".

INCOME TAX COLLECTED, MONTREAL, TORONTO, WINNIPEG, VANCOUVER

Question No. 936—**Mr. Basford:**

For the taxation year 1957-58 and subsequent taxation years, what percentage of total personal

income tax paid was paid by the residents of Metropolitan Montreal, Toronto, Vancouver and Winnipeg?

Mr. Garland: The percentages of personal income tax and old age security tax assessed on residents of Montreal, Toronto, Vancouver and Winnipeg for the years 1957 to 1960 are as follows:

	Taxation Year			
	1957 %	1958 %	1959 %	1960 %
Montreal	14.07	13.69	13.24	13.50
Toronto	18.98	20.06	18.30	18.59
Vancouver	6.65	6.53	6.49	6.11
Winnipeg	3.34	3.63	3.77	3.66

SUMMERSIDE, P.E.I. LOBSTER CARNIVAL—MILITARY BANDS

Question No. 948—**Mr. MacLean (Queens):**

1. Has the Department of National Defence received requests for military bands to be present at the Summerside lobster carnival, July 15 to July 20, 1963, and, if so, what military bands have been requested?
2. What military bands have been made available for this purpose?

Answer: 1. Yes, but no specific bands were requested.

2. The Canadian army and Royal Canadian Air Force bands were already committed for the dates involved, and although the Royal Canadian Navy band from H.M.C.S. *Stadacona* could have been made available for the 15 and 16 July provided the sponsor assumed the travelling cost involved, the sponsor declined this offer. However, arrangements were made for the Summerside voluntary brass reed band to participate in two parades.

MOTION PICTURE PRODUCTION

Question No. 951—**Mr. Thompson:**

1. How many original motion pictures were produced by the national film board in each of the years 1957-58, 1958-59, 1959-60, 1960-61, and 1961-62?
2. In the same years, how many original motion pictures did the national film board contract out to private Canadian film production companies?
3. Is it the purpose of the national film board, among other things "to promote the production and distribution of films designed to interpret Canada to Canadians and to other nations" and, if so, does the government intend to place a more reasonable proportion of government film production in the hands of private companies?

Mr. Pickersgill: 1. 1957-58, 129; 1958-59, 104; 1959-60, 95; 1960-61, 83; 1961-62, 93.

2. Originals		Revisions, versions, etc.
1957-58	0	33
1958-59	1	5
1959-60	1	8
1960-61	1	3
1961-62	3	4

[Mr. Basford.]

3. The board was established "to initiate and promote the production and distribution of films in the national interest—films designed to interpret Canada to Canadians and to other nations". The policy of the national film board is to operate at a level which permits economic utilization of its existing facilities. The board tenders out production work whenever the volume or schedule of production places a project outside the normal operating capacity of the board. The royal commission on government organization agreed with this policy as may be seen by its recommendation: "The national film board stabilize its film making at a level to provide economic utilization of present facilities".

(Translation):

UNIVERSAL DAYLIGHT SAVING TIME

Question No. 953—**Mr. Marcoux:**

Is it the intention of the Department of Transport to urge Canadian railway companies to use daylight saving time instead of standard time in those areas where there is a difference between the two?

Mr. Cantin: This would be a matter for consideration by the Railway Association of Canada and the hon. member's inquiry will be drawn to the attention of the association.

FEDERAL CONTRIBUTION TO BRIDGE, QUEBEC CITY

Question No. 955—**Mr. Marcoux:**

1. Is the Department of Public Works paying part of the cost of the new bridge between the city of Quebec and the south shore and, if so, what part of the cost is it paying?
2. Does the Minister of Public Works intend to follow the recommendation of the mayor of Levis with regard to the site for the bridge?

Mr. Badanai: Mr. Speaker, the answer is as follows:

1. No.

2. Since this is a provincial project, the federal government has nothing to do whatsoever with the selection of the site.

(Text):

H-BOMB EFFECTS

Question No. 961—**Mr. Douglas:**

What is the approximate or estimated effect, with regard to blast, burn, and immediate radioactive fall-out, of the following categories of H-bombs when exploded at 40,000 feet, 60,000 feet, 80,000 feet and 100,000 feet (a) 1 megaton (b) 2 megaton (c) 5 megaton (d) 10 megaton (e) 20 megaton (f) 100 megaton?

Answer: Blast: Using as a criterion the bodily removal of exterior wall panels of a frame house, which occurs at overpressure of 2 pounds per square inch, and which is classified as severe damage, the following are the distances from a point on the ground directly below the burst at which this severe damage will occur.

Height of Burst—ft.	40,000	60,000	80,000	100,000
Yield of Weapon MT	Miles	Miles	Miles	Miles
1	*	*	*	*
2	1	*	*	*
5	7	*	*	*
10	11	6	*	*
20	17	12	6	*
100	35	35	25	20

*indicates that the overpressure on the ground does not reach 2 p.s.i.

Immediate fall-out: For all the yields and heights specified, immediate radioactive fall-out is negligible, because the fireball does not touch the ground, and the burst takes place above the regions of the atmosphere in which our weather is formed. For a 100MT explosion, there will be very little immediate fall-out for all heights above 18,000 feet.

Thermal radiation: Using as a criterion 8 calories per square centimeter, at which level human skin will suffer injury corresponding to severe sunburn with blistering, and light kindling materials will ignite, the following are the distances from a point on the ground directly below the burst at which this damage or injury will occur.

Height of Burst—ft.	40,000	60,000	80,000	100,000
Yield of weapon MT	Miles	Miles	Miles	Miles
1	3	*	*	*
2	8	2	*	*
5	14	13	10	*
10	20	20	20	22
20	28	28	28	27
100	63	63	64	64

*indicates that 8 cals per square centimeter is not reached on the ground.

BREAKWATER REPAIRS, WEST ADVOCATE, N.S.

Question No. 978—**Mr. Coates:**

1. Have repairs been completed to the breakwater at West Advocate, Nova Scotia?
2. What is the estimated total cost of these repairs?

Mr. Badanai: 1. No, the work is about 70 per cent finished. It is expected to complete it later this summer.

2. $10,000.

Questions

FEDERAL BUILDING, AMHERST, N.S.

Question No. 980—**Mr. Coates:**

Are plans going forward on the construction of a new federal building in Amherst to replace the old federal building, and when is it expected that tenders will be called for this facility?

Mr. Badanai: The department is proceeding with studies to determine the exact nature of the accommodation required at Amherst and it is expected that new construction will be required probably in the 1965-66 fiscal year. However it has not been decided yet whether to erect a new building or to add to the existing building, known as the new federal building, or to do both.

FEDERAL BUILDING EXTENSION, AMHERST, N.S.

Question No. 981—**Mr. Coates:**

Is an extension planned to the new federal building in Amherst?

Mr. Badanai: See answer to question No. 980.

WHARF IMPROVEMENTS, JOGGINS, N.S.

Question No. 984—**Mr. Coates:**

1. Have representations been received for the improvement of wharfage facilities at Joggins, Nova Scotia?
2. What are the names of individuals, associations, or concerns who have made representations for the improvement of these facilities?
3. What action does the government plan to take, in this regard?

Mr. Badanai: 1. Yes.

2. From Robert C. Coates, M.P. (Cumberland) who also forwarded copies of representations from Sifto salt division of Domtar Chemicals Ltd. and Enamel and Heating Products Ltd.

3. No decision has yet been reached.

ARDA PROJECTS, ALBERTA

Question No. 992—**Mr. Horner (Acadia):**

What are the names of the projects in Alberta for which assistance has been asked, and granted, under ARDA by the federal government, and what is the total amount of assistance required for these projects?

Mr. Hays: Three projects have been approved in the province of Alberta under the Agricultural Rehabilitation and Development Act. The projects, the total cost of each, and the amount of federal assistance is as follows:

Project	Total Cost	Federal Assistance
To develop marginal lands as the Seven Persons irrigated grazing reserve near Medicine Hat	$23,500	$11,750
To develop marginal lands as the Wanham grazing reserve near Wanham	14,000	7,000
To develop a soil capability inventory of agricultural lands in Alberta	18,500	18,500
TOTALS	$56,000	$37,250

TRANSFER TO CAPE BRETON OF "SILVER DART" REPLICA

Question No. 993—**Mr. Muir (Cape Breton North and Victoria):**

1. Is the government prepared to arrange for the transfer of the replica of the Silver Dart which was displayed at the national aviation museum up until approximately three weeks ago (now stored in Hull, Quebec) to Cape Breton for permanent display?

2. Is the government prepared to arrange for the transfer of any other replica of the Silver Dart for the above purpose?

Answer: The replica is a part of the collection of the national aviation museum housed in the national capital area. It has been donated to the national collection of aircraft. We know of no museum in Cape Breton, including the Alexander Graham Bell museum, which could house such a full scale replica on a permanent basis.

2. See 1.

LAMPREY CONTROL PROGRAM

Question No. 1,026—**Mr. Peters:**

1. Has the lamprey control program of the federal government been successful?

2. How far north in Canada have lampreys been observed?

3. Have lampreys infested any new areas in the past five years?

Answer: 1. From the information presently available a good degree of success is indicated. In 1962 and 1963 in lake Superior, the experimental area, the number of adult marine lampreys was reduced by at least 80 per cent.

2. There are several species of lamprey one of which appears in Arctic waters. The sea lamprey—the great lakes predator—is found in waters tributary to the Atlantic ocean ranging from southern Labrador to Chesapeake bay.

3. They have appeared in some streams tributary to lake Superior where they were not found five years ago. This is attributed to control measures in their original streams. While they may exist unnoticed in some other areas there has been no indication of major expansion into new areas.

WORLD FAIR GUIDE SERVICE

Question No. 1,029—**Mr. Peters:**

Is it the intention of the federal government to provide a guide service to assist visitors during the national centennial celebration similar to that supplied at the world's fair in Brussels and, if so (a) how many guides does the government intend to train (b) what will be the age limit of these guides and (c) is it the intention of the government to provide special uniforms and training for this purpose?

Mr. Lamontagne: I am informed by the national centennial administration that apart from meeting the needs which may occur in connection with specific projects, there is no intention at the moment of providing a guide service for visitors during the national centennial celebration.

The national centennial administration, however, does not speak for the Canadian World Exhibition Corporation.

BRUCELLOSIS CONTROL, TIMISKAMING DISTRICT

Question No. 1,030—**Mr. Peters:**

1. Is it the intention of the Department of Agriculture to establish a brucellosis-free area in the district of Timiskaming and, if so (a) when is it expected that the tests will be undertaken, and (b) at what date is it expected they can be completed?

2. Is it the intention of the department to use federal veterinarians, or is it anticipated that local veterinarians can provide this service?

Mr. Hays: 1. It is the intention of the Department of Agriculture to establish a brucellosis-free area in the district of Timiskaming.

(a) It is expected this area test will commence early in 1964.

(b) The date of completion cannot accurately be predicted as progress will be dependant on the staff available and the extent to which private veterinary practitioners participate.

2. It is the intention of the Department of Agriculture to use some federal veterinarians, but all local veterinarians will be afforded the opportunity to participate in the program and will be offered employment by the department as casual veterinarians.

FALL-OUT SHELTERS, NORTH BAY

Question No. 1,033—**Mr. Peters:**

Has the emergency measures organization explored the possibility of providing fall-out shelters for those citizens resident in the expected point of contact north of the Bomarc missile base at North Bay and, if so, have the possibilities of fall-out shelters using the abandoned mines at Cobalt and Kirkland Lake been assessed, and what mines, if any, have been found suitable for this use?

Mr. Drury: As has been stated previously, there is no government program to build shelters for the public; however, various possible approaches are under study. In this context, the possible use of mines will be considered.

It will be recalled that, in 1962, the Department of Mines and Technical Surveys conducted, on behalf of the emergency measures organization, a survey of all active mines and some inactive mines of the adit type which were readily accessible and which might serve as fall-out shelters. The actual development of such mines as fall-out shelters would depend on each being studied separately to determine what additional features would be required to provide a safer environment. These features might include lighting, ventilation and, in some instances, pumping equipment. The survey did reveal that, at Cobalt and Kirkland Lake, there were underground workings which, if suitably equipped, could serve as fall-out shelters for the population of these two communities.

As much of the information which was provided by mine owners was on a confidential basis, it is not possible at this time to name these mines.

FOREIGN OWNERSHIP OF COMPANIES

Question No. 1,037—**Mr. Lambert:**

1. Has a study been completed of the proposals referred to under the answer by the Minister of Trade and Commerce to question number 424 and, if not, when is a decision expected?

2. Has the extent of foreign ownership among any of the proposing companies yet been determined and, if not, when is this information expected to be available?

Mr. Drury: 1. Completion of the study is expected in the near future.

2. The extent of foreign ownership, if any, of any company whose proposal is accepted will be made known at the time of the announcement of the decision.

BUTTER PRODUCTION

Question No. 1,038—**Mr. Hamilton:**

1. What is the estimated production and consumption, by months, of dairy butter in dairy years (a) May 1, 1957 to May 1, 1963 (b) months since May 1, 1963 for which figures are available?

2. What was the surplus of butter and butter oil as of May 1, 1957 and each May 1 in succeeding years to May 1, 1963?

Answer: 1 and 2. See attached statement.

1. (a) and (b) Estimated Production and Consumption of Dairy (Farm-Made) Butter, by months, May 1957 to May 1963 inclusive.

	Dairy Years						
	1957-58	1958-59	1959-60	1960-61	1961-62	1962-63	1963-64
	'000 lb.	'000 lb.	'000 lb.	'000 bl.	'000 lb.	'000 lb.	'000 lb.
May	1,148	1,074	917	829	763	663	454
June	1,202	1,092	964	842	735	670	
July	1,160	1,045	948	816	735	581	
August	1,142	1,027	938	802	718	570	
September	1,144	1,014	951	844	757	533	
October	1,127	1,046	947	849	752	526	
November	1,062	987	845	760	653	471	
December	904	908	810	688	583	503	
January	869	788	757	635	542	486	
February	799	769	738	590	530	361	
March	898	790	815	658	570	384	
April	1,018	865	787	705	592	416	

2. Stocks of butter and butter oil, May 1, 1957 to 1963.

	May 1, 1957	May 1, 1958	May 1, 1959	May 1, 1960	May 1, 1961	May 1, 1962	May 1, 1963
	'000 lb.	'000 lb.	'000 lb.	'000 lb.	'000 lb.	'000 lb.	'000 lb.
Butter	36,927	35,416	62,375	80,599	85,602	81,860	101,480
Butter oil	—	—	—	104	24,889	82,202	81,818

Orders for Returns

ACCESS TO BALLAST GROUNDS, NORTH SYDNEY, N.S.

Question No. 1,041—**Mr. Muir (Cape Breton North and Victoria):**

What progress is being made in the negotiations between the Department of Public Works and owners of the properties concerned regarding an access road to the ballast grounds at North Sydney, Nova Scotia, for the purpose of eliminating the inconvenience caused to fishermen?

Mr. Badanai: The department has received an offer to sell property that would provide access to the ballast grounds and an independent appraisal of the fair market value of the land is now being made. Negotiations will continue when the results of the appraisal have been received.

*LAMPREY EEL PROGRAM, GREAT LAKES

Question No. 1,042—**Mr. Nixon:**

1. What success has been achieved by the government program for the extermination of lamprey in the great lakes?

2. Does the federal government intend to continue this program and, if so, could the Minister of Fisheries bring the house up to date on its present operation?

Mr. Robichaud: 1. In 1962 and 1963 in lake Superior, the experimental area, the number of adult marine lampreys was reduced by at least 80 per cent. With this reduction in numbers, wounding of lake trout has dropped, their availability—catch per given yardage of net—has increased and larger trout are appearing in the catches.

2. The program is being carried out in accordance with the terms of the great lakes fishery convention between Canada and the United States. This convention remains in force until October 1965. The convention provides for a joint review in the eighth year of the activities of the commission appointed pursuant thereto to determine the desirability of continuing, modifying or terminating this convention. This review will be completed later this year.

QUESTIONS PASSED AS ORDERS FOR RETURNS

CONDITIONAL AND UNCONDITIONAL GRANTS TO SASKATCHEWAN

Question No. 437—**Mr. More:**

1. (a) What are the amounts paid by the government of Canada to the province of Saskatchewan in conditional grants in each of the years 1953-1962 inclusive (b) what were the specific programs and what was the amount of expenditure under each (c) what was the total amount for the period 1953-1957 inclusive (d) what was the total amount for the period 1958-1962 inclusive?

2. (a) What were the amounts paid by the government of Canada to the province of Saskatchewan in unconditional grants in each of the years 1953-1962 inclusive (b) what was the total amount for the period 1953-1957 inclusive (c) what was the total amount for the period 1958-1962 inclusive?

3. (a) What were the amounts of federal capital expenditures and grants made to the city of Regina in each of the years 1953-1957 inclusive (b) for what purpose, and under what program, and in what amounts were expenditures under (a) made (c) what were the amounts of federal capital expenditures and grants made to the city of Regina in each of the years 1958-1962 inclusive (d) for what purpose, and under what program, and in what amounts were expenditures under (c) made?

*PROTEST AGAINST SALES TAX ON BUILDING MATERIALS

Question No. 816—**Mr. Martineau:**

1. Has the Minister of Finance received any protests and/or representations in regard to the withdrawal of the exemption of the 11 per cent sales tax in regard to building materials and production equipment and machinery and, if so, what is the number of persons, associations, corporations or other bodies that have voiced such protests or made such representations, giving in each case their names or description?

2. Have such persons, associations, corporations or other bodies informed the minister of any building, construction or other project which may be cancelled, postponed or set aside because of the proposed withdrawal of exemption of the said sales tax and, if so, what is (a) the total number of such projects (b) the total value thereof (c) the total number of jobs that may be involved by such proposed cancellation or postponement?

TARIFF ON BOOKS

Question No. 950—**Mr. Harley:**

1. What is the tariff rate on books?

2. In the year 1962, what revenue did this tariff yield the government?

3. What is the purpose of such tariff?

4. Is there any consideration being given to changing the tariff on books?

5. What is the value of total book sales in Canada for 1962?

6. How many people are employed by book publishers, printers, and binders?

7. How many original works were published in Canada in 1961, and 1962?

AIRCRAFT CRASHES IN CANADA

Question No. 869—**Mr. Fisher:**

1. Has the Department of Transport a record of all aircraft crashes in Canada and, if so, how many crashes have occurred in each year since 1959, including the first six months of 1963?

2. In investigating the reasons for crashes, has the department found that any have been caused by aircraft hitting cables and wires and, if so, what accidents, where, involving what persons and planes, to what cost in lives and damage?

Return tabled.

PENSIONS OF ARMED FORCES PERSONNEL

Question No. 934—**Mr. Knowles:**

1. What is the average annual pension being paid, by rank, to permanent armed forces personnel retired in 1947?

2. What is the average annual pension being paid, by rank, to permanent armed forces personnel retired in 1962?

3. Have any adjustments been made, since they were retired, in the pensions of permanent armed forces personnel retired in 1947 and, if not, is

consideration being given to such adjustments in the case of those retired (a) in 1947 or earlier (b) since 1947 and prior to 1962?

Return tabled.

NATIONAL CENTENNIAL ADMINISTRATION

Question No. 937—**Mr. Basford:**

With regard to the national centennial administration, to date (a) how many board of directors meetings have been held (b) on what dates were these meetings held (c) which directors, if any, were absent from any such meetings (d) if any directors were absent from any such meetings, what were the reasons for their absence (e) who are the members of the executive committee (f) how many executive committee meetings have been held (g) on what dates were these meetings held (h) which members, if any, were absent from any meetings of the executive committee (i) if any members were absent, what were the reasons for their absence?

Return tabled.

GRANTS BY CENTENNIAL ADMINISTRATION

Question No. 938—**Mr. Basford:**

With regard to the allocation of grants by the national centennial administration (a) to date, what applications have been received, and what is the amount of the grant applied for in each case (b) to date, what applications have been approved, and what is the amount approved in each case (c) when was the "first come, first served" policy of distribution of centennial grants established (d) what is the commencement date for the operation of this policy (e) apart from the seven principles set out in appendix I of the annual report of national centennial administration 62/63, will any other principles apply and, if so, what are they (f) will any effort be made to evaluate one local centennial project by comparing it with other local centennial projects?

Return tabled.

CENTENNIAL ADMINISTRATION—PROVINCIAL MACHINERY

Question No. 939—**Mr. Basford:**

With regard to the national centennial administration (a) how many provincial governments, and which ones, have established acceptable machinery for the processing and approval of local centennial projects (b) what efforts are being made to encourage provincial governments to establish such machinery (c) when was the last meeting with representatives of the government of British Columbia for the purpose of establishing such machinery (d) when is the next meeting for such purpose scheduled (e) if no such meeting is scheduled, is there any reason for not holding such meetings?

Return tabled.

CENTENNIAL ADMINISTRATION—GRANT TO VANCOUVER

Question No. 940—**Mr. Basford:**

Has the city of Vancouver made formal application to the national centennial administration for a centennial grant and, if so (a) for what purpose (b) at how many, and which meetings of the board of directors has this application been discussed (c) at how many, and which meetings of the executive committee has this application been discussed (d) what is the present status of this application (e) does this application presently comply with the seven requirements set out in schedule I of the annual report 62/63 and, if not, which of the said seven requirements does the application not comply with?

Return tabled.

LOCAL CENTENNIAL COMMITTEES

Question No. 941—**Mr. Basford:**

With regard to the national centennial administration (a) how many local centennial committees have been established in Canada (b) how many local centennial committees have been established in British Columbia (c) if the answer to either part (a) or part (b) is unknown, are such figures collected (d) what efforts are being made to establish local centennial committees (e) have any brochures, pamphlets or other informational material (apart from copies of speeches) been prepared for the guidance of citizens or citizens' groups wishing to (i) apply for centennial grants (ii) commemorate our centennial (f) if the answer to part (e) is in the negative, is the preparation of such material being considered and, if so, when may such material be expected to be available?

Return tabled.

MOTIONS FOR PAPERS

(Translation):

THETFORD MINES, QUE.—CONSTRUCTION OF "MANÈGE MILITAIRE"

Motion No. 50—**Mr. Langlois:**

That an order of the house do issue for a copy of all telegrams, letters and other correspondence exchanged between different members of the Canadian Army staffs and the Minister of National Defence, the Minister of Defence Production, and their assistants, concerning the construction of the future "Manège Militaire" of Thetford Mines, P.Q.

Mr. Cardin: Mr. Speaker, I got in touch with the hon. member for Megantic and, since we are to meet about that motion, he has agreed to withdraw it.

Motion withdrawn.

(Text):

GLASSCO COMMISSION STUDIES RESPECTING C.B.C.

Motion No. 52—**Mr. Douglas:**

That an humble address be presented to His Excellency praying that he will cause to be laid before this house a copy of all studies done by the Glassco commission in respect of the Canadian Broadcasting Corporation.

Mr. Lamontagne: I thought we had agreed that this motion would be withdrawn.

Mr. Douglas: I would ask leave to have the motion withdrawn.

Order discharged and motion withdrawn.

EDMONTON MUNICIPAL AIRPORT

Motion No. 55—**Mr. Lambert:**

That an humble address be presented to His Excellency praying that he will cause to be laid before this house a copy of all telegrams, correspondence, reports, briefs and memoranda, and any replies thereto, received by the Minister of Transport or any minister of the government or

any government official, from the city of Edmonton, the Edmonton municipal airport authorities, or any other interested parties since January 1, 1954, to date, relative to the continued use and development of the Edmonton municipal airport.

Mr. McIlraith: There is no objection to this motion, subject to the usual reservation as to privileged or confidential material.

Mr. Speaker: Is there any objection to the reservation as stated by the minister?

Some hon. Members: Agreed.

Motion agreed to.

CENSURE MOTION BY QUEBEC LEGISLATIVE ASSEMBLY

Motion No. 57—**Mr. Martineau:**

That an humble address be presented to His Excellency praying that he will cause to be laid before this house a copy of the censure motion adopted by the Quebec legislative assembly on June 26, 1963, sent to the Prime Minister on July 11, 1963, as well as a copy of the covering letter.

Motion agreed to.

PUBLIC WORKS, COAL HARBOUR, B.C.

Motion No. 60—**Mr. Leboe:**

That an order of the house do issue for copies of all correspondence exchanged, since June 1, 1962 between Coal Harbour Investments Limited (Vancouver), the city of Vancouver and the federal government concerning public works at Coal Harbour, B.C.

Mr. McIlraith: In the terms of this motion as presented there is no correspondence available. I wonder, therefore, if the hon. member would drop his motion. There is information available on a related subject. I have spoken with the hon. member about it and perhaps he would care to put forward a new motion for consideration.

Mr. Leboe: That is satisfactory.

Motion dropped.

CANADIAN CENTENNIAL—CORRESPONDENCE WITH B.C.

Motion No. 61—**Mr. Basford:**

That an humble address be presented to His Excellency praying that he will cause to be laid before this house a copy of all correspondence, telegrams, documents or notes, exchanged between the government, the President of the Privy Council, any member of the staff of the privy council office, the commisioner or deputy commissioner of the national centennial administration or any employees thereof, and the government of the province of British Columbia, concerning the centennial of Canada's confederation.

Mr. Lamontagne: Mr. Speaker, this motion is acceptable to the government subject to obtaining the consent of the government of British Columbia.

[Mr. Lambert.]

Mr. Speaker: Subject to the reservation stated by the minister, is the motion agreed to?

Some hon. Members: Agreed.

Motion agreed to.

ACCEPTANCE OF CHANGE IN NORTH PACIFIC FISHERIES TREATY

Motion No. 62—**Mr. Barnett:**

That an humble address be presented to His Excellency for a copy of the cabinet minute or other official document which authorized the Secretary of State for External Affairs to notify the executive director, the international north Pacific fisheries commission, by telegram under date of May 10, 1963, that the commission's recommendations for the removal of the halibut stocks in the Eastern Bering Sea and the herring stocks west of the Queen Charlotte Islands from the annex to the convention had been accepted by the government of Canada.

He said: Mr. Speaker, the minister has spoken to me about this motion, and I would ask that it be allowed to stand until next week.

Motion stands.

LEASE OF PORTION OF R.C.A.F. STATION, VANCOUVER

Motion No. 63—**Mr. Basford:**

That an humble address be presented to His Excellency praying that he will cause to be laid before this house a copy of all correspondence, documents or letters (not previously laid before this house) exchanged between the government, the Minister of National Defence, employees of the said department, and the city of Vancouver or any branch or board thereof, relative to that portion of R.C.A.F. station, Vancouver, Kitsilano site, most recently leased to the city of Vancouver.

Motion agreed to.

MAINTENANCE OF ALASKA HIGHWAY

Motion No. 64—**Mr. Nielsen:**

That an humble address be presented to His Excellency praying that he will cause to be laid before this house a copy of all documents, reports, engineering or other surveys, communications, correspondence or other papers, with respect to the (a) all weather maintenance of the road from Haines Junction in the Yukon Territory to Haines in the state of Alaska, U.S.A. (b) existing maintenance costs of the northwest highway system in maintaining the said road by the northwest highway system of the Canadian army and (c) paving of the said road.

Mr. Speaker: I understand that the hon. member for the Northwest Territories is standing in for the hon. member for the Yukon. Is it agreed?

Mr. Pickersgill: Mr. Speaker, in the circumstances perhaps these motions could stand until the hon. member is here.

Mr. Speaker: The three motions in the name of the hon. member for the Yukon will stand.

Motions stand.

UNEMPLOYMENT INSURANCE BENEFITS TO CANADIANS IN U.S.

Motion No. 67—**Mr. Perron:**

That an humble address be presented to His Excellency praying that he will cause to be laid before this house a copy of all correspondence and documents exchanged between the government of Canada or any of its agencies and American states and/or of minutes of proceedings of the meetings held between representatives of Canada or any of its accredited agencies and representatives of any other government in connection with the extension of unemployment insurance benefits to Canadians working in these American states.

Mr. MacEachen: Mr. Speaker, I understand that my parliamentary secretary has had discussions with the hon. gentleman with respect to this motion. Subject to securing the consent of the state of Maine and confining the motion to that state, it is acceptable.

Motion agreed to.

CORRESPONDENCE RESPECTING U.S. EXCISE TAX

Motion No. 68—**Mr. Martineau:**

That an humble address be presented to His Excellency praying that he will cause to be laid before this house copies of all correspondence, telegrams, letters and other documents exchanged between the governments of Canada and the United States, or between officials of the said governments, relating to the new excise tax on the purchase by United States residents of Canadian securities and those of 21 other countries proposed by President Kennedy on July 18, 1963.

Mr. Martin (Essex East): Mr. Speaker, the hon. gentleman and I have discussed this matter and he has kindly agreed to let the motion stand.

Mr. Martineau: Mr. Speaker, in view of the fluidity of the situation I can understand the government's request, and I consent.

Mr. Martin (Essex East): I don't know what that means.

Mr. Pearson: It does not mean anything.

Motion stands.

WINTER WORKS INCENTIVE PROGRAM

Motion No. 69—**Mr. Starr:**

That an order of the house do issue for copies of all correspondence and telegrams received by the Minister of Labour or any official of the Department of Labour in respect to the municipal winter works incentive program between April 22, 1963, and July 22, 1963.

Mr. MacEachen: Mr. Speaker, this motion is acceptable subject to securing the consent of the provincial governments.

Mr. Speaker: Is there any objection to the reservation stated by the minister?

Some hon. Members: Agreed.

Motion agreed to.

(Translation):

CANADIAN REPRESENTATION AT VATICAN

Motion No. 70—**Mr. Marcoux:**

That an humble address be presented to His Excellency praying that he will cause to be laid before this house a copy of all correspondence, letters and other documents exchanged between the Department of External Affairs or any other department and the Holy See or any of its representatives, from October 14, 1957, to July 15, 1963, concerning the establishment of Canadian representation to the Vatican.

Mr. Martin (Essex East): Mr. Speaker, in principle, according to our rules, that question is out of order. Be that as it may, I wish to say that, to my knowledge, no letters or other documents were exchanged between the Department of External Affairs or any other department of the government and the Holy See or any of its representatives, from October 14, 1957 to July 15, 1963, concerning the establishment of Canadian representation to the Vatican.

(Text):

Mr. Speaker: The motion is withdrawn.

Order discharged and motion withdrawn.

(Translation):

BRIDGE BETWEEN QUEBEC CITY AND SOUTH SHORE

Motion No. 71—**Mr. Marcoux:**

That an humble address be presented to His Excellency praying that he will cause to be laid before this house a copy of all correspondence, letters, telegrams and other documents exchanged between the Department of Public Works or any other department and the government of the province of Quebec, between April 22, 1963, and July 19, 1963, concerning the construction of a bridge between the Quebec city and the south shore of the St. Lawrence river.

Mr. Deschatelets: Mr. Speaker, there would be no objection to producing all correspondence, letters or telegrams requested by the hon. member except that, to my knowledge, no such documents exist. Therefore, I would ask the hon. member to be so kind as to withdraw his motion.

Mr. Speaker: The motion is withdrawn.

(Text):

C.B.C. TELEVISION STATION, QUEBEC CITY

Motion No. 72—**Mr. Marcoux:**

That an order of the house do issue for a copy of all correspondence, letters, telegrams and other documents exchanged between the Department of the Secretary of State or any other department and the Canadian Broadcasting Corporation, from April

22, 1963 to July 15, 1963, in order to speed up the establishment of a C.B.C. television station in Quebec city.

Mr. Pickersgill: Mr. Speaker, it has always been considered that correspondence between a minister or the government and the Canadian Broadcasting Corporation is privileged, and such motions are not complied with. If the hon. gentleman would prefer to have the motion stand that would be agreeable, but if not I wonder whether he would consider withdrawing it.

Mr. Marcoux: If it is impossible to have any information I will withdraw the motion.

Mr. Speaker: Withdrawn.

Mr. Pickersgill: I thank the hon. gentleman.

Order discharged and motion withdrawn.

CONSTRUCTION OF RAILWAY BETWEEN MATANE AND STE. ANNE DES MONTS, QUE.

Motion No. 73—**Mr. Marcoux:**

That an order of the house do issue for a copy of all correspondence, letters, telegrams and other documents exchanged between the Department of Transport or any other department and the Canadian National Railways between April 22, 1963 and July 19, 1963, relating to the construction and the operation of a line of railway in the province of Quebec between Matane and Ste. Anne des Monts, as provided in chap. 13 of the statutes of Canada, 1962.

Mr. McIlraith: Mr. Speaker, it will be seen that this motion relates to correspondence between departments of the government and the Canadian National Railways, and such correspondence has always been considered privileged in the same way as correspondence between departments. In the circumstances I would ask the hon. member to withdraw his motion.

Mr. Speaker: Withdrawn.

Order discharged and motion withdrawn.

FINANCE

INQUIRIES RESPECTING U.S. MODIFICATIONS OF TAX IMPOSED

On the orders of the day:

Right Hon. J. G. Diefenbaker (Leader of the Opposition): Mr. Speaker, I wish to make further reference to a question I asked the Minister of Finance yesterday regarding an alleged agreement entered into between the governments of the United States and Canada for Canada to accept lower interest rates in return for certain changes to be suggested to congress by the President. In view of the fact that newspaper headlines read "Dillon Says One Thing, Gordon Says Another", has the minister anything further to say by way of clarification in order to bring about some degree of certainty in this regard?

Hon. Walter L. Gordon (Minister of Finance): Mr. Speaker, I would refer the right hon. gentleman to the joint communique issued at 6 p.m. on Sunday in Washington and Ottawa by the representatives of both the Canadian and American governments. That contains the only understandings and agreements that were entered into, and the right hon. gentleman will see that it makes no reference to Canada reducing interest rates. What we were trying to do was to prevent them going up.

Mr. Diefenbaker: Mr. Speaker, with further reference to the same matter, was there any agreement between United States and Canadian officials whereby Canada undertook not to use any exemption or alteration in the general policy of the United States to build up its foreign exchange reserves?

Mr. Gordon: Mr. Speaker, that is clearly set out in the communique. I do not think there is anything I can add except to suggest that people refer to the communique in which that particular subject is dealt with.

Mr. Diefenbaker: Does the minister think Mr. Dillon—

Some hon. Members: Order.

Mr. Diefenbaker: —has not read the communique?

Mr. Gordon: Mr. Speaker, Canada has had the most co-operative and helpful consideration from Mr. Dillon, and I just hope nobody will see fit to criticize him for giving up his week end to get us out of this trouble.

Hon. George C. Nowlan (Digby-Annapolis-Kings): A supplementary question, Mr. Speaker. I agree with everything the minister said about Mr. Dillon and his part in the conference that took place over the week end, but would the minister reconcile the evidence given by Mr. Dillon before a Senate committee with the official communique issued on Sunday?

Mr. Gordon: I do not think I have anything more to add.

Mr. Nowlan: I do not think you can.

[*Later:*]

Mr. Colin Cameron (Nanaimo-Cowichan-The Islands): May I ask the Minister of Finance to tell the house if it is his understanding that the exemption from the United States tax on the purchase of Canadian securities arranged over the week end is dependant upon the Canadian government

being able to effect the modest decline in interest rates suggested in Mr. Dillon's reported statement?

Hon. Walter L. Gordon (Minister of Finance): Mr. Speaker, there is no connection between the two. As I said yesterday, I am afraid I do not know what Mr. Dillon said or what the context of his statement was. As I have also said, there were no undertakings by the Canadian representatives other than those set forth in the communique.

Mr. Cameron (Nanaimo-Cowichan-The Islands): Mr. Speaker, I have a supplementary question to bring the Minister of Finance back to the question I asked him. Are we to understand the minister is informing the house that this is an incorrect report from Washington, where Mr. Dillon is reported as saying that they—speaking of the Canadian government—felt that by a modest decrease in their interest rate "they could reduce the incentive to borrow in the United States. That was more or less the arrangement arrived at." Are we to understand that was an incorrect report?

Mr. Gordon: I am not going to comment on the correctness or incorrectness of the report. What I have said was that there was no such undertaking given.

Hon. Paul Martineau (Pontiac-Temiscamingue): As a further supplementary question, Mr. Speaker, I would like to ask the minister whether in fact the government is moving to lower interest rates in Canada.

Mr. Gordon: Well, Mr. Speaker, the monetary policy that has been followed by the Bank of Canada in recent months has been designed to provide the amount of credit needed to expand the economy.

Mr. Martineau: Has there been any change in that policy since the week end?

Mr. T. C. Douglas (Burnaby-Coquitlam): Did the governor of the Bank of Canada give any such undertaking, when he was in Washington over the week end to the effect that Canada would lower its interest rate if the United States government were prepared to exempt us from the foreign exchange tax?

Mr. Gordon: Mr. Speaker, the governor of the Bank of Canada has informed me categorically that he gave no such undertaking.

SPECIAL ASSISTANTS—CERTIFICATE OF DEPUTY MINISTER

On the orders of the day:

Hon. Walter L. Gordon (Minister of Finance): May I reply to a question that was asked me on Monday by the hon. member for Winnipeg North Centre, Mr. Speaker. He asked whether the deputy minister of finance had certified payment for the special assistants who were attached to the Department of Finance during the first two months of this parliament.

Mr. Knowles: The first days.

Mr. Gordon: I do not remember that being included in the question, Mr. Speaker. In reply I can assure the hon. member that before payments were made to the special assistants the necessary certification was signed by the departmental officer authorized by the minister to sign such certification as required by section 32 of the Financial Administration Act.

I would remind him that this section provides that—

> —the deputy of the appropriate minister or other officer authorized by such minister—

—must certify that the work has been performed.

In the case in question, certification that the work was performed was given by officers of the department authorized by the minister to perform such tasks.

EXTERNAL AFFAIRS

NUCLEAR TEST BAN—REQUEST FOR REPORT ON MOSCOW CONFERENCE

On the orders of the day:

Mr. R. N. Thompson (Red Deer): I should like to direct my question to the Secretary of State for External Affairs. In view of the progress that has been made in the test ban talks during the last few days, and in the light of the fact that Secretary of State Rusk has held briefing sessions with the members of congress, is there not some information or report that the minister might have for this house?

Hon. Paul Martin (Secretary of State for External Affairs): Mr. Speaker, the hon. gentleman will recall that during the past ten days there have been a number of questions on this subject, one by the hon. member for Medicine Hat last week. I indicated the general attitude of the government of Canada toward talks in which we were not a direct participant but about which we have, as every member in this house has an understandably vital interest. These talks are taking place among the United Kingdom, the United States and the Soviet union. Canada is not a participant in these talks which have to do with a proposed agreement with regard to certain aspects of nuclear testing; neither is France, nor are other countries of the international community.

When agreement is reached among the three participants there will be an opportunity to evaluate the effect of the agreement.

Its implications will be discussed in the council of NATO. Canada has already, as I have previously intimated, given an outline of its views with regard to the desirability of a complete or partial nuclear test ban. Until such time as we have a full statement I can say no more than I have already. We believe it would be in the interests of the peace of the world that there should be a nuclear test ban. We hope it may go beyond the three areas mentioned and we will follow with interest any other proposals which have to do with the current discussions.

Mr. T. C. Douglas (Burnaby-Coquitlam): May I ask a supplementary question. In the light of the statement the minister has just made about Canada supporting a test ban agreement and expressing the hope that there may be an early agreement, does he consider that the Canadian government might give some leadership in this matter by revising its policy in regard to acquiring nuclear arms for Canada?

Mr. Martin (Essex East): The hon. gentleman has already asked that question and has received a rather effective answer.

Mr. H. A. Olson (Medicine Hat): I should like to ask the Secretary of State, in view of his reply and the tremendous importance of this test ban treaty to Canada, and in view of the fact that a press report says that Mr. Rusk had a draft test ban agreement that he presented to the senate, whether Canada had a copy of the draft treaty at which the government could look.

Mr. Martin (Essex East): We would not be one of the original signatories of a test ban treaty which we hope will eventuate, but Canada has, as my hon. friend knows, exhibited great interest in the matter. We have made our views known. We have reason to believe that the views we have stated are being carefully considered by the interested parties.

CANADIAN MEMBERSHIP IN ORGANIZATION OF AMERICAN STATES

On the orders of the day:

Right Hon. J. G. Diefenbaker (Leader of the Opposition): Mr. Speaker, I wish to address a question to the Secretary of State for External Affairs which has to do with an article in Sunday's New York *Times* in reference to the organization of American states and Canada's membership therein. I wish to ask the minister, first, whether there has been any urging on the part of the United States for Canada to join this organization; and second, whether this brief statement made in the article is correct, that Mr. Martin—that is the minister—was reported to have indicated that active consideration to join the organization of American states would be given only after the organization has decided to accept Jamaica, Tobago and Trinidad as members?

Hon. Paul Martin (Secretary of State for External Affairs): Mr. Speaker, I have had my attention drawn to this particular item, and I can say that I do not know the basis for it, because there has been no statement given by me in public that would warrant such a conclusion.

Mr. Diefenbaker: Was there any such statement made to the secretary general of the organization of American states to that effect when he was here?

Mr. Martin (Essex East): Mr. Speaker, the other day I was asked a question about this and I indicated that it was not the custom to disclose the nature of conversations between an ambassador and a foreign minister.

Mr. Diefenbaker: Then what consideration is the government giving now, if any, to joining; and has there been any discussion with the United States department of state in this regard?

Mr. Martin (Essex East): Mr. Speaker, there has been no discussion with the state department in the United States. As I indicated early in the session, this matter, along with others, continues to receive serious consideration.

HONG KONG—CONTINUATION OF EMERGENCY RELIEF MEASURES

On the orders of the day:

Hon. W. G. Dinsdale (Brandon-Souris): Mr. Speaker, I have a question for the Secretary of State for External Affairs. In view of the statement made by the Minister of Trade and Commerce on emergency food aid, has the government now decided to continue the program of emergency food assistance to Hong Kong which was inaugurated by the former administration, rather than discontinuing it, as he indicated in reply to a question the other day?

Hon. Paul Martin (Secretary of State for External Affairs): Mr. Speaker, I hope to be able to say something in answer to this question, and a related question, at a later date.

ASSISTANCE BY CANADA TO UNDER-DEVELOPED COUNTRIES

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 report

on the C.B.C. news at eight o'clock this morning that Canada is at the bottom of the list of western industrial countries in terms of contributions to underdeveloped nations, can the right hon. gentleman say what Canada is doing in response to representations that we should increase the aid we are providing in this direction?

Right Hon. L. B. Pearson (Prime Minister): I can tell the hon. member what I am doing. I am checking the accuracy of those statistics.

LABOUR RELATIONS

NORRIS REPORT—INQUIRY AS TO GOVERNMENT ACTION

On the orders of the day:

Hon. Michael Starr (Ontario): I should like to ask the Minister of Labour, in view of the latest outburst from Mr. Banks of the S.I.U., whether the government is willing to take positive action on the Norris commission report before this session recesses.

Hon. A. J. MacEachen (Minister of Labour): As I indicated to the house yesterday, the findings of the Norris commission are receiving most urgent consideration, and when it is possible to bring proposals before the government, that will be the time to determine whether action can be taken within the time limit suggested by my hon. friend.

NORRIS REPORT—DISCUSSION ON C.B.C. PROGRAM "VIEWPOINT"

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, as a farmer, a some time employer and an old time trade unionist, I wish to address a question to the Secretary of State. In view of the fact that persons other than members of parliament have been interviewed on the C.B.C. program "Viewpoint" with respect to the Norris report, and in view of the fact that there are members of parliament who would welcome a similar opportunity, with equal time, including the hon. member for Kootenay West, would the minister inform the C.B.C. of our unsatisfied desires in this respect?

Hon. J. W. Pickersgill (Secretary of State): Mr. Speaker, I shall be very glad to let the C.B.C. know of the hon. gentleman's urge for self advertisement.

BRITISH COLUMBIA—STRIKE BY FISHERMEN AND ALLIED WORKERS

On the orders of the day:

Mr. Barry Mather (New Westminster): Mr. Speaker, I have a question I would like to direct to the Minister of Fisheries, notice of which I have given. I wonder whether the minister could report to the house today on the situation in British Columbia where several thousand fishermen and allied workers are on strike, and in particular can he clarify the advice which his department reportedly gave to those in the dispute, that they seek to settle their differences through the proper authorities? My understanding is that while tendermen and shore workers are a provincial responsibility, fishermen are somewhat a federal responsibility.

Hon. H. J. Robichaud (Minister of Fisheries): Mr. Speaker, I wish to thank the hon. member for sending me notice of his question, which was handed to me on my way down to the chamber. However, I wish to report that I have been kept continuously informed on the situation since a strike was declared on Saturday, July 13 affecting 10,000 British Columbia salmon net fishermen and allied workers. On Friday last the negotiations broke down between the fisheries association of British Columbia and the united fishermen and allied workers union. While realizing that a dispute of this nature comes under provincial jurisdiction, I sent a telegram to both parties suggesting that every possible action be taken to bring price and wage negotiations to a successful conclusion, and resume operation as soon as possible.

On Monday of this week an agreement was reached with the Prince Rupert co-op. affecting 600 to 700 fishermen, who resumed their fishing operation at once. Yesterday, realizing that the loss to the British Columbia economy had already reached the vicinity of $4 million and could lead to a total loss of $12 million to $14 million, I sent a second telegram to both parties expressing my concern about the present and future economy of the fishing industry unless every effort were made to reach a settlement. I further suggested that I would welcome reference to proper authorities in order to bring about action necessary to reach agreement.

In reply to the second part of the hon. member's question, I wish to clarify this advice and particularly my reference to proper authorities. The united fishermen and allied workers union is certified under the provincial laws of British Columbia as bargaining agent for tendermen and workers in most fishing plants of that province. While they are not certified under the labour laws for bargaining on behalf of fishermen, section 25 of the province of British Columbia fisheries act, chapter 150, revised statutes of British Columbia provides for arbitration procedures, provided they are asked for, and this is agreed by both parties involved. As there is

no federal legislation to cover such a situation, this is what I had in mind when I suggested reference to proper authorities in order to bring about action necessary to reach agreement.

AGRICULTURE

MILK—INQUIRY AS TO PROGRAM FOR SCHOOL CHILDREN

On the orders of the day:

Mr. Clement Vincent (Nicolet-Yamaska): Mr. Speaker, I have a question I want to ask in French.

(Translation):

Can the minister inform the house whether he has been in touch with the provinces concerning the establishment of a system of free milk distribution in schools?

(Text):

Hon. Harry W. Hays (Minister of Agriculture): In reply to the hon. member, Mr. Speaker, may I say I have discussed the matter indirectly with all provincial ministers of agriculture. When the problem has been resolved I will bring it before the house.

NORTHERN AFFAIRS

ST. AUGUSTINE, QUEBEC—REQUEST FOR INVESTIGATION OF PLIGHT OF INDIANS

On the orders of the day:

Hon. Guy Favreau (Minister of Citizenship and Immigration): Mr. Speaker, I would like to answer a question which was put on Monday by the hon. member for Grey North (Mr. Noble), and which was taken as notice by the Minister of Northern Affairs and National Resources (Mr. Laing). It related to the alleged plight of 20 Indians, nine of whom are children, and who the hon. member was advised were in very bad circumstances. The answer is as follows.

These Indians are a small group who left their reserve at Romaine this year to make their way to St. Augustine, where they once lived. They left behind them at Romaine homes, services and the regular attention of agency staff. The department maintains no staff at St. Augustine, but the provincial department of youth and welfare and the diocesan social agency at Hauterive were informed and are aware of this situation.

The department has made it clear that it will defray the costs of transportation in order that these Indians may return to their homes at Romaine. The Indian affairs regional office in Quebec and the Indian agency office at Seven Islands, on my personal instructions, are looking into this matter further, and I shall be pleased to give the hon. member further details when a report from my officials has been received.

[Mr. Robichaud.]

LIVESTOCK

NORTHWEST TERRITORIES—REPORTED OUTBREAK OF ANTHRAX

On the orders of the day:

Mr. H. A. Olson (Medicine Hat): Mr. Speaker, I would like to address a question to the Minister of Agriculture, of which I have sent him notice. It arises out of a further outbreak of anthrax in buffalo herds in the Northwest Territories. What is being done to eradicate this disease and, more important, to prevent its spread to domestic animals and the human population?

Hon. Harry W. Hays (Minister of Agriculture): Mr. Speaker, I would first like to thank the hon. member for sending me notice of his question. The recent outbreak of anthrax in the Northwest Territories is in the Fort Smith area and is similar to the larger outbreak a year ago.

Anthrax is a reportable disease under the Animal Contagious Diseases Act, and the health of animals branch of the Department of Agriculture has a veterinary officer in the area working with the northern affairs wildlife people on control measures. Anthrax does not spread from animal to animal but is a soil borne disease. Animals become infected by picking up the organism from the soil. Once the organism is established in the soil it may exist there for many years.

There are periodic outbreaks of anthrax in other areas of Canada, and in these cases the safe disposal of infected carcasses and the cleaning and disinfection of the infected premises are supervised by department veterinarians, and at the same time other cattle on infected premises are vaccinated. The department, under the provisions of the Animal Contagious Diseases Act, is attempting to institute these same principles of control in the Fort Smith area. All infected carcasses are being buried. Attempts have been made to keep the buffalo out of the infected zone, and last fall attempts were made to burn off the infected area in order that buffalo would not return to it.

I might say further, Mr. Speaker, that I do not know whether you have ever had anything to do with the buffalo, but he is a pretty wild bird; and if we could get the hon. member for Acadia (Mr. Horner) to use the lariats he was talking about recently to rustle them, then I think we could vaccinate them.

[*Later:*]

Mr. J. E. Pascoe (Moose Jaw-Lake Centre): Mr. Speaker, I tried to catch your eye earlier in regard to a supplementary question I wished to ask the Minister of Agriculture. It may be too late now, but I ask Your Honour's

indulgence. Does the minister's announcement in regard to anthrax mean that there will be 60 days of "anthraxion"?

INDUSTRY

STEEP ROCK IRON MINES—INQUIRY AS TO FREIGHT RATES

On the orders of the day:

Mr. D. M. Fisher (Port Arthur): Mr. Speaker, I would like to ask the Minister of Mines and Technical Surveys a question based on my understanding that the minister has been working on the matter of lower freight rates for the Steep Rock iron range. Has the minister anything to report in the way of progress in this matter, which is so important to his own constituency and the general area?

Hon. W. M. Benidickson (Minister of Mines and Technical Surveys): Mr. Speaker, the hon. member for Port Arthur was kind enough to send me, about a month ago, copies of letters he had initiated to Canadian National Railways with respect to a freight rate that might make the transfer of pelletized ore advantageous from this area. I have lately told him in writing that this was not at the moment an impediment to any further industrial advancement in this area.

I am told by the officials of Canadian National Railways that the rate that would apply there to rough ore would also apply to the rate on somewhat refined ore if a pelletizing plant were provided at Atikokan. That is not the problem at the moment; the problem is to be able to sell competitively all the ore that Atikokan could produce on the present basis.

Mr. Fisher: A supplementary question, Mr. Speaker. I would like to ask the minister whether the lower freight rates which he has investigated, may not be a factor in being able to sell competitively.

Mr. Benidickson: Mr. Speaker, I wish to inform my colleague from the adjoining riding of Port Arthur that I have been giving this matter great study, and I am told it is not a selling factor at the moment.

INQUIRIES OF THE MINISTRY

On the orders of the day:

Mr. J. J. Greene (Renfrew South): Mr. Speaker, I have a question for the Prime Minister. Would he tell us whether the government is considering appropriating funds for the national gallery to purchase the Dr. Ward picture of the right hon. Leader of the Opposition?

Some hon. Members: Oh, oh.

Inquiries of the Ministry

Mr. J. H. Horner (Acadia): Mr. Speaker, I have one short, quick question to the Minister of Agriculture. Due to the presence in Ottawa at this time of the former member for Assiniboia, can the minister confirm or deny persistent and authoritative rumours that he is going to be hired as the minister's special assistant?

Some hon. Members: Oh, oh.

Mr. Horner (Acadia): Silence is consent.

TRADE

WHEAT—INQUIRY AS TO NEGOTIATIONS WITH RED CHINA

On the orders of the day:

Mr. E. Nasserden (Rosthern): Mr. Speaker, I should like to direct a question to the Minister of Trade and Commerce. Has an agreement covering sales of grain been arranged with China by this government?

Hon. Mitchell Sharp (Minister of Trade and Commerce): Mr. Speaker, I have been asked a question about these negotiations every day, and I have replied that they are still continuing. I can assure the hon. member that as soon as the negotiations are concluded there will be an announcement in this house.

Mr. Speaker: The hon. member for Moose Jaw-Lake Centre.

Mr. Nasserden: A supplementary question, Mr. Speaker.

Mr. Speaker: I am sure the hon. member has received a full reply.

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

Mr. Speaker: Perhaps the hon. member would contain himself until later today or until tomorrow.

(Translation):

ARTS, LETTERS AND SCIENCES

REPORTED STATEMENTS BY MEMBERS OF COMMISSION

On the orders of the day:

Hon. Paul Martineau (Pontiac-Temiscamingue): Mr. Speaker, I should like to put a question to the Prime Minister.

Is he aware of the statements made and of the interviews given by the newly appointed members of the royal commission on biculturalism, and could he tell us whether he approves this practice, on the part of the commissioners, of commenting on the questions they will be called upon to look into?

(Text):

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, I am not aware of these statements.

(Translation):

SUGGESTED APPOINTMENT OF FRENCH CANADIAN FROM ONTARIO

On the orders of the day:

Mr. L. J. Pigeon (Joliette-L'Assomption-Montcalm): Mr. Speaker, I should like to put a question to the Prime Minister. Does he intend to increase the membership of the royal commission on biculturalism by appointing a French speaking commissioner from Ontario, in order to comply with the request of the "Association canadienne-française de l'Éducation de l'Ontario"?

(Text):

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, I have nothing to add to what I said yesterday with regard to this matter.

(Translation):

[*Later:*]

Hon. Theogene Ricard (St. Hyacinthe-Bagot): Mr. Speaker, may I ask the Prime Minister a supplementary question arising from the answer he gave the hon. member for Pontiac-Temiscamingue (Mr. Martineau) a moment ago? Does he agree with Mr. Jean Louis Gagnon who says that Canada should be divided into cantons?

(Text):

Mr. Pearson: I have not seen the suggestion, so I do not think I should comment.

(Translation):

CANADIAN NATIONAL RAILWAYS

RENEWAL OF APPOINTMENT OF PRESIDENT

On the orders of the day:

Mr. Robert Beaule (Quebec East): Mr. Speaker, I should like to direct my question to the Prime Minister.

Can he tell the house if he intends to renew Mr. Donald Gordon's term of office as chairman of the board of the Canadian National Railways?

(Text):

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, an announcement may be made in the House of Commons on that matter in due course.

LABOUR CONDITIONS

COLLINGWOOD, ONT.—REPORTED LAY-OFF OF SHIPYARD WORKERS

On the orders of the day:

Mr. Andrew Brewin (Greenwood): Mr. Speaker, my question is for the Minister of Labour and I have given him notice of it. Is he aware of the fact that 325 employees were laid off last Thursday in Collingwood by Canadian Shipbuilding and Engineering Limited, and the future employment of the remaining 526 employees is precarious? What steps, if any, are to be taken to assist in dealing with this situation, which is rather serious for the economy of the community of Collingwood?

Hon. A. J. MacEachen (Minister of Labour): Mr. Speaker, I wish to thank the hon. member for sending me notice of his question. I certainly share his interest in unemployment, or threatened unemployment, as a result of this lay-off, and I wish to inform him that I have asked the national employment service to provide me with a report on the nature and extent of this lay-off. Following receipt of the report my departmental officials will consider what action, if any, can be taken to assist in this situation.

THREATENED STRIKE ON U.S. RAILROADS

On the orders of the day:

Mr. Speaker: The hon. member for Megantic.

Mr. Raymond Langlois (Megantic): Thank you, Mr. Speaker, I have been bouncing up and down for the past hour. I should like to ask a question of the Minister of Transport in connection with one I asked him yesterday about the possible railroad strike in the United States. What does he intend to do with regard to our own railroads in the United States in the case of a strike?

Mr. Jean-Charles Cantin (Parliamentary Secretary to Minister of Transport): Mr. Speaker, I will take this question as notice.

PUBLIC SERVICE

GLASSCO COMMISSION—IMPLEMENTATION OF REPORT

On the orders of the day:

Mr. R. N. Thompson (Red Deer): Mr. Speaker, I direct my question to the President of the Privy Council. In view of the creation and the setting up of a new government department, the department of industry, can the minister inform the house when he might be able to report on the government's initial decision regarding the implementation of the Glassco commission report?

Hon. Maurice Lamontagne (President of the Privy Council): Mr. Speaker, I wish to thank the hon. member for sending me notice of his intention to ask this question. The special cabinet committee, with the assistance of the interdepartmental committee of officials, which has been set up to consider the recommendations of the Glassco commission, are proceeding with their work, and I expect to be in a position to make a more detailed report to the house on this most important matter

when parliament reconvenes, after the recess which we may all be fortunate enough to have.

SHIPPING

LUNENBURG, N.S.—LAUNCHING OF REPLICA OF "BLUENOSE"

On the orders of the day:

Mr. Gerald A. Regan (Halifax): Mr. Speaker, I should like to direct a question to the Minister of Fisheries. Is the minister aware of this morning's launching in Lunenburg of the exact replica of the world famous racing and fishing schooner *Bluenose*, which raced undefeated for many years, which was lost at sea in 1944, and the picture of which has appeared on the Canadian 10 cent piece for many years?

Hon. H. J. Robichaud (Minister of Fisheries): Mr. Speaker, the minister is well aware of the launching of the new schooner *Bluenose* which took place in Lunenburg this morning. I had an invitation to attend the launching but unfortunately I had to express my regrets. I wish I was there today to enjoy the sea breezes of the great Atlantic, where on a day like this air conditioning is provided by mother nature.

BUSINESS OF THE HOUSE

LEGISLATIVE PLANS FOR CURRENT PORTION OF SESSION

On the orders of the day:

Right Hon. J. G. Diefenbaker (Leader of the Opposition): Mr. Speaker, there naturally arises at this time the question of the general plans for the remainder of this portion of the session. Would the Prime Minister be in a position tomorrow to generally outline the program the government has in mind and which it will expect to have completed by the time of the adjournment, and can he give the house a general idea as to when parliament will be reconvened? I do not know whether he can do this today, but possibly he might be able to do it tomorrow.

Right Hon. L. B. Pearson (Prime Minister): Well, Mr. Speaker, discussions are going on among representatives of the four parties which have a bearing on this question. Perhaps I had better take advantage of the right hon. gentleman's suggestion and make a statement on the matter tomorrow.

(Translation):

REQUEST FOR REPLIES TO QUESTIONS ON ORDER PAPER

On the orders of the day:

Mr. Gerard Perron (Beauce): Mr. Speaker, I should have liked to put my question to the Postmaster General, but in his absence I shall direct it to his parliamentary secretary. Is it intended to answer the series of questions Nos. 506 to 537 inclusive, dated June 17, on the order paper, before the end of this session?

Hon. J. P. Deschatelets (Minister of Public Works): Mr. Speaker, I take the hon. member's question as notice and the Postmaster General will answer it later.

(Text):

POWER

REPORTED REDUCED COST OF PRODUCTION IN U.S.

On the orders of the day:

Mr. Stuart A. Fleming (Okanagan-Revelstoke:) Mr. Speaker, may I address my question to either the Minister of Northern Affairs and National Resources or to the Minister of Mines and Technical Surveys. Would one or the other inform the house whether recent scientific developments in the United States have brought about such a reduction in the cost of producing thermal or atomic electrical power that there is now virtually no possibility of the sale of British Columbia surplus power in the United States at a price of five mills?

Hon. J. W. Pickersgill (Secretary of State): Mr. Speaker, I rise on a point of order. It seems to me that when we have reached the point when an hon. member does not know to which minister to address a question, and when the question is obviously in the form of a debate, perhaps the house should proceed to the orders of the day and debate what is supposed to be before it, instead of debating a different subject. The period before orders of the day is one for urgent questions, not for debate.

Mr. Fleming (Okanagan-Revelstoke): Mr. Speaker, on the point of order; I am afraid the ignorance in this case lies with the Secretary of State. Thermal power is produced from coal, and this comes under the jurisdiction of the Minister of Mines and Technical Surveys; hydro power comes from the use of water, which comes under the jurisdiction of the Minister of Northern Affairs and National Resources, who controls the water resources branch of the department. So either minister could answer this question.

Mr. Pickersgill: Mr. Speaker, I submit that the question is not urgent and should not be put at this stage of our proceedings.

Some hon. Members: Oh, oh.

Mr. Speaker: Order, please. Without taking sides, naturally, I should like to point out that this is a short day, that we have had a particularly long session of questioning this afternoon, and that it is now four o'clock and we adjourn at six.

Inquiries of the Ministry

Mr. Fleming (Okanagan-Revelstoke): Mr. Speaker, with the greatest deference, if you would hear me a moment, I agree that the question period has gone on for a long time and I regret that I find it necessary to introduce this question at this late hour in the day. However, it is of substantial concern to the province of British Columbia whether negotiations which are supposed to be taking place do have any real merit in them, or whether they are a further hoax on the people of that province.

HEALTH AND WELFARE

RADIOACTIVE FALL-OUT—RECOMMENDATIONS OF VOICE OF WOMEN

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. In view of the alarming increase in Canada of contamination from radioactive fall-out, could I ask what steps her department is taking to promote a system of decontamination of milk and to establish a more effective monitoring system, as requested by the Canadian Voice of Women?

Hon. Judy V. LaMarsh (Minister of National Health and Welfare): Mr. Speaker, I am sure my hon. friend does not expect to have such a question answered on orders of the day. If he takes time to put it in the form of a written question I shall be very pleased to have it answered.

DOMINION-PROVINCIAL CONFERENCE

ONTARIO—INQUIRY AS TO DISCUSSIONS WITH PREMIER ROBARTS

On the orders of the day:

Hon. Leon Balcer (Three Rivers): I should like to ask the Prime Minister if he has sent a delegation of Ontario members of his cabinet to meet with Premier Robarts and discuss with him federal-provincial relations prior to the meeting which is to take place shortly.

Right Hon. L. B. Pearson (Prime Minister): I had a discussion with Premier Robarts myself a few weeks ago. I think I am the only member of the cabinet who has discussed this matter with him.

(Translation):

SHIPPING

PROTECTION OF SHIPS FROM WRECK IN ST. LAWRENCE

On the orders of the day:

Mr. Robert Beaule (Quebec East): Mr. Speaker, may I direct a question to the Minister of Transport or to his parliamentary secretary? Have measures been taken to protect ships from the wrecked *Tritonica* in the St. Lawrence river?

Mr. Jean-Charles Cantin (Parliamentary Secretary to Minister of Transport): I think that question has been answered already.

DOMINION-PROVINCIAL RELATIONS

REQUEST FOR INCREASED FEDERAL AID TO EDUCATION

On the orders of the day:

Mr. L. J. Pigeon (Joliette-L'Assomption-Montcalm): Mr. Speaker, may I ask the Prime Minister a question? Does the government propose to grant the request of the Canadian teacher's federation and increase its financial aid to the universities and, in a general way, its financing of education.

(Text):

Right Hon. L. B. Pearson (Prime Minister): The question of increased federal assistance to education is under consideration.

WAYS AND MEANS

The house in committee of ways and means, Mr. Batten in the chair.

EXCISE TAX ACT

Resolved,—That it is expedient to introduce a measure to amend the Excise Tax Act and to provide among other things:

1. That the present exemption from sales tax for certain building materials be withdrawn by repealing the exemption for all goods mentioned under the heading "Building Materials" in Schedule III of the said act and by repealing the exemptions for

(a) "Creosote oil and other wood preservatives when for use exclusively in the treatment of timber, poles or lumber;"

(b) "Railway ties;"

(c) "Goods for use as part of sewerage and drainage systems, and articles and materials to be used exclusively in the manufacture thereof;"

2. That any enactment based on paragraph 1 of this resolution provide that

(a) goods for use as part of sewerage and drainage systems be exempt from sales tax when sold to or imported by a municipality for its own use and not for resale;

(b) any transfer of a sewerage or drainage system to a municipality by any person within two years after the completion thereof, pursuant to a bylaw of or agreement with that municipality under which that person is required to install such system and transfer it without charge to that municipality after the completion thereof be deemed, for the purpose of section 46 of the said act, to be a sale to the municipality for its own use and not for resale of goods for use as part of a sewerage or drainage system,

and that any agency operating a sewerage or drainage system for or on behalf of a municipality may be declared by the minister to be a municipality for the purpose of this paragraph.

3. That any enactment based on paragraph 1 of this resolution provide that drain tile for agricultural purposes and materials to be used exclusively in the manufacture thereof be exempt from sales tax.

4. That any enactment founded on paragraph 1 of this resolution provide that where materials have been purchased by or on behalf of a school, university or other similar educational institution for use exclusively in the construction of a building for that institution and the tax imposed by Part VI of the said act has been paid in respect of those materials, the Minister of National Revenue may upon application by the institution in such form as the minister prescribes made to the minister within two years from the time the materials were purchased, pay to the institution an amount equal to that tax.

5. That any enactment founded on paragraph 1 of this resolution provide that a person who

(a) manufactures or produces a building or other structure otherwise than at the site of construction or erection thereof, in competition with persons who construct or erect similar buildings or structures not so manufactured or produced,

(b) manufactures or produces otherwise than at the site of construction or erection of a building or other structure, structural building sections for incorporation into such building or structure, in competition with persons who construct or erect buildings or other structures that incorporate similar sections not so manufactured or produced, or

(c) manufactures or produces concrete or cinder building blocks, be deemed for the purposes of the said act not to be, in relation to any such building, structure, building sections or building blocks so manufactured or produced by him the manufacturer or producer thereof.

6. That the present exemption from sales tax for "Seventy five per cent of the sale price if manufactured in Canada, or seventy five per cent of the duty paid value if imported, of trailers for use as homes" be changed to read "Twenty five per cent of the sale price if manufactured in Canada, or twenty five per cent of the duty-paid value if imported, of trailers for use as homes".

7. That the present exemption for certain machinery and apparatus to be used in manufacture or production be withdrawn by repealing the exemption for all goods mentioned under the headings "Machinery and Apparatus to be used in Manufacture or Production" and "Engines" in Schedule III of the said Act and by repealing the exemptions for

(a) "Seismic shot-hole casing and materials used in the manufacture thereof;"

(b) "Tires and tubes for use exclusively on the machinery enumerated in Customs Tariff Item 411a."

(c) Goods enumerated in customs tariff items 399a, 399b, 399c, 411a, 417, 431h, 439c, 848, 848a and 848b.

8. That any enactment founded on paragraph 7 of this resolution provide that traction engines for farm purposes and accessories therefor (not including machines and tools for operation by such engines) and complete parts of all the foregoing, and materials to be used exclusively in the manufacture of the said engines, accessories or parts be exempt from sales tax.

9. That any enactment founded on paragraph 7 of this resolution provide that farm wagons, including four-wheeled farm wagons equipped to be tractor drawn and farm sleds, and materials to be used exclusively in the manufacture thereof be exempt from sales tax.

10. That the present exemption from sales tax for "Photographs, paintings, pastels, drawing and other art work and illustrations of all kinds, whether originals, copies or proofs, and printing plates made to reproduce the same, for use exclusively as non-advertising news pictures or for illustrating non-advertising articles or stories in periodical publications enjoying second-class mailing privileges, the pages of which are regularly bound, wired, stitched or otherwise fastened together;" be changed to read "Typesetting and composition, metal plates, cylinders, matrices, film, art work, designs, photographs, rubber material, plastic material and paper material, when impressed with or displaying or carrying an image for reproduction by printing, made or imported by or sold to a manufacturer or producer for use exclusively in the manufacture or production of printed matter."

11. That feeds for fish, supplements for addition to such feeds, and materials to be used exclusively in the manufacture of such feeds or supplements be exempt from sales tax.

12. That the exemption from sales tax for materials for use in the equipment and repair of ships over ten tons net register tonnage be restricted to materials for use in the equipment and repair of ships to be used exclusively for commercial purposes.

13. That the present exemption from sales tax for "Bakers' cakes and pies including biscuits, cookies or other similar articles;" be changed to read "Bakers' cakes and pies including biscuits, cookies and similar articles but not including simulated chocolate bars or candy bars;".

14. That the export duty of three one hundredths of one cent per kilowatt hour on electrical power exported from Canada be repealed.

15. That any enactment founded on paragraphs 1 to 13 of this resolution be deemed to have come into force on June 14, 1963, and any enactment founded on paragraph 14 of this resolution be applicable in respect of electrical power exported after June, 1963.

16. That with respect to the period commencing June 14, 1963 and ending March 31, 1964, the rate of tax payable under Part VI of the said act in respect of any goods for which exemption from tax was withdrawn by any enactment founded on paragraphs 1 and 7 of this resolution be four per cent instead of eight per cent, and that with respect to the period commencing June 14, 1963 and ending December 31, 1964 the rate of tax payable under subsection (1) of section 10 of the Old Age Security Act in respect of any such goods be nil.

17. That the said measure further provide that

(a) where any tax under Part VI of the said act has become payable by any person in respect of any goods for which exemption for tax under that part was withdrawn by any enactment founded on paragraphs 1 and 7 of this resolution, which goods were, not later than December 31, 1964, sold and delivered by that person, or applied by that person to a use resulting in the property in the goods passing from that person, pursuant to a bona fide contract in writing

(i) that provided for the sale of those goods or their application to that use for a fixed amount stated in the contract and that did not permit the adding of the tax to the amount payable to that person under the contract, and

(ii) that was signed by the parties thereto

(A) on or before June 13, 1963, or

(B) after June 13, 1963, if the contract was entered into in accordance with the terms of a tender in writing submitted by that person on or before that day whereby that person undertook to enter into such a contract and in default of so doing to incur or cause to be incurred a pecuniary penalty whether by forfeiture of a security deposit or otherwise,

a refund, or deduction from any of the taxes imposed by the said act, of the tax or such part thereof as could not under the contract be added to the amount payable to that person thereunder may be granted to that person; and

(b) where any goods for which exemption from tax under Part VI of the said act was withdrawn by any enactment founded on paragraphs 1 and 7 of this resolution were, after June 13, 1963 and not later than December 31, 1964, sold and delivered by any person, or applied by any person to a use resulting in the property in the goods passing from that person, pursuant to a bona fide contract in writing.

(i) that provided for the sale of those goods or their application to that use for a fixed amount stated in the contract and that did not permit the adding of any tax under that part that became payable after June 13, 1963 in respect of those goods to the amount payable to that person under the contract, and

(ii) that was signed by the parties thereto

(A) on or before June 13, 1963, or

(B) after June 13, 1963, if the contract was entered into in accordance with the terms of a tender in writing submitted by that person on or before that day whereby that person undertook to enter into such a contract and in default of so doing to incur or cause to be incurred a pecuniary penalty whether by forfeiture of a security deposit or otherwise,

an amount equal to the tax or such part thereof as could not under the contract be added to the amount payable to that person thereunder may, where application therefor is made to the Minister of National Revenue by that person in such form as the minister prescribes within two years from the time the goods were delivered by that person or applied by him to that use, and the minister is satisfied that the tax has been paid, be paid by the minister to that person.

The Deputy Chairman: When the committee adjourned last night we were considering paragraph 1 of the resolution.

(Translation):

Mr. Ricard: Mr. Chairman, when we adjourned last night, I was saying that the budget introduced by the present Minister of Finance (Mr. Gordon) has spread confusion, anxiety and suspicion in all classes of our society. Today, I would like to discuss a few articles published in certain papers in order to prove my argument: for instance, in Granby's *La voix de l'Est* we find in an editorial dated July 6, 1963, that the Minister of Finance was harshly criticized on three points. The first title says, for instance:

Mr. Gordon has to give up 11 per cent tax.

And the text of the article says, among other things:

For that tax imposed on investments and production is prohibitive and harmful, the more so as it will be applied at a time when new investments in industry and business and an increase in production are needed to develop our economy and fight unemployment.

And under this second title:

Violent protests.

[Mr. Pearson.]

We find this and I quote:

Quebec hydro will have to pay an additional $60 million over the next five years. The Quebec government would also see a large increase in its expenditures due to its large investments.

And a third title:

An incompetent minister.

We find this:

This tax is, in fact, a very heavy burden for governments and businessmen. It discourages all investment, even of the most essential nature. Being an obstacle to the expansion plans of the provincial and municipal administrations, it practically leaves no possibility to businessmen to compete with foreign production.

Well, Mr. Chairman, those were the remarks found in the newspapers about the budget submitted by the hon. Minister of Finance, which, according to the minister's own words, was supposed to give some impetus to allow for the progress of Canadian business and industry.

I have here a communication addressed to the Minister of Finance by the Canadian shoe manufacturers association:

Allow us to voice the deep concern of the Canadian shoe industry about the serious effects of your decision to extend the 11 per cent tax to machinery, equipment and industrial supplies.

Faced with keen competition and increased imports of foreign shoes, our Canadian manufacturers have been able to maintain the price of shoes, even though their profits have dwindled.

The new sales tax will considerably increase our costs and the price of shoes will soon reflect the new federal tax.

I could easily go on for quite a while, and quote other newspaper stories, blaming the stand taken by the hon. Minister of Finance during his budget speech, on June 13.

However, I shall be content to quote the headlines of articles by Mr. Laurent Lauzier, in *La Presse*. On July 6, 1963, his headline was:

A new period of uncertainty.

On the 16th, he wrote:

A rather gloomy prospect.

Again, on the 19th, his headline ran:

The situation is deteriorating.

And so forth. Mr. Chairman, these are comments on a budget which was going to give Canada, or so we were told, a new look. It was going to open up new foreign markets, create new jobs and cure unemployment.

However, having carefully studied the various observations bearing on the tax levied by the hon. Minister of Finance, we are led to believe that far from creating new job opportunities, the measures submitted by the minister will, to the contrary, breed unemployment.

On that matter, I should like to read into the record what the leaders of one of our labour unions, namely the Canada building workers' federation, said in a letter sent to the Minister of Finance. I quote:

> To lay out a nine point plan to fight unemployment and at the same time undermine the foundation of the industry in which large projects can be carried out to fight unemployment would only mean to run around in circle, in a vicious circle. The building workers' federation is conscious of the present situation of the national economy and does not believe that your proposal is likely to improve it.

There, Mr. Chairman, you have people who certainly know what they are talking about because they are involved in the building industry and who can also appreciate the effects of the imposition of the new tax, even if it is relaxed or applied gradually.

And what about the reaction of provincial, municipal and school authorities concerning this tax? At this stage, may I recall the remarks made by the Quebec minister of natural resources when he learned about the imposition of that new tax. He passed a very severe judgment on the proposal, stating that it would lead to increased costs and would hamper progress in the province of Quebec.

I have in my hand an article published in the paper *La Voix de l'Est* following an interview with the mayor of St. Hyacinthe.

(Text):

Mr. Byrne: Mr. Chairman, on a point of order, last evening when the hon. member for Waterloo North was speaking I drew the attention of the Chair to the fact that it was quite outside the rules of the house for a member to read documents and newspaper articles that reflect upon the proceedings of the current session of the house. I did not press the matter at the time because the hon. member for Waterloo North, like myself is a backbencher. But what has happened this afternoon, as happened yesterday afternoon in the case of the hon. member for Ontario, is that speeches are being made based almost entirely upon articles which members have read from various newspapers or on letters that have been directed to certain individuals.

I think it is an understood proposition in the House of Commons that a member is elected to represent every section of the economy within his riding and is certainly to receive representations from each, but he is not here to be the voice of every special interest before the House of Commons.

An hon. Member: What a point of order.

Mr. Byrne: The member himself is to prepare his own speech and to present it to the house. If what I am saying requires proof, Mr. Chairman, I would refer to chapter III, rules of debate, in Beauchesne, fourth edition, citation 149 reads as follows:

> Besides the prohibitions contained in standing order 35 it has been sanctioned by usage both in England and in Canada that a member, while speaking, must not:
>
> (l) read from a printed document or book commenting on any speech made in parliament during the session.

There are other citations relevant to the hon. member's speech which I might read but I will refer only to paragraph (o), which is in these words:

> (o) read from a written, previously prepared speech.

That is also not within the rules. I simply bring that to the hon. member's attention, although I am not making a point of it. Last evening I also read a ruling by Mr. A. E. Ross, acting deputy speaker, made on March 1, 1933 and found on page 802 of Beauchesne, third edition. It is in these words:

> It is out of order to quote in committee articles from newspapers commenting on the proceedings then under consideration.

Since the hon. member is a frontbencher I would expect that he would prepare his speech and try to stay within the rules of the house. So I am going to ask the Chair to insist that he do so.

Mr. Paul: On the point of order, Mr. Chairman.

(Translation):

Mr. Chairman, the member who just spoke is perhaps the voice crying in the wilderness, because ever since we started consideration of this budget resolution, he has tried constantly to prevent opposition members from commenting on the resolution.

(Text):

Mr. Byrne: On a question of privilege, Mr. Chairman, that is quite improper.

Mr. Nesbitt: We listened to you. Now you listen to him.

Mr. Byrne: I have not attempted to stop members from doing anything except what is not within the rules of the house. I suggest that the hon. member has no right to reflect upon my intentions because all I am doing is insisting that the rules of the house be followed.

(Translation):

Mr. Paul: Might I suggest to the hon. member that he study the rules of the house? The hon. member for St. Hyacinthe-Bagot (Mr. Ricard) who has the floor at

present has obviously the right to quote the comments which were made on this tax. I can understand that this does not suit my hon. friend who has intervened, but I would suggest that when he rises on a point of order or a question of privilege, he should do so for a good reason, not only to distract the chairman or to interrupt the member who has the floor or because he does not agree with his political opinions.

(Text):

Mr. Weichel: On the point of order, Mr. Chairman, I should like to say to the hon. member that I prepared my own speech and when I was speaking last night I was expressing the opinions not only of thousands of Canadians in my own riding but in all of Canada with regard to the betterment of this country. I was not trying to dictate.

An hon. Member: For the withdrawal of the tax.

Mr. Byrne: I did not suggest that the hon. member for Waterloo North had not prepared his own speech. I do suggest that the hon. member read articles from newspapers and letters addressed to other people in complete contravention of the rules of the house.

Mr. Lambert: You are talking blatant nonsense now.

The Deputy Chairman: Order. I recognize that it is necessary at times to support an argument a member is making by reading articles from newspapers if the member wishes to do so. I also recognize the authority cited by the hon. member for Kootenay East. In addition, I have in mind citation 157 in Beauchesne, fourth edition. I am sure the hon. member for Kootenay East will appreciate that this is a very difficult decision for the chairman to make. I would say to the hon. member who is now addressing the committee that it would be pleasing to the Chair if he would refrain from making too many of these quotations, but I understand that he wants to support the argument that he is making.

Mr. Ricard: Mr. Chairman, you will have noted that some time has been taken by this point of order and I trust that allowance will be made for that in deciding when my time runs out. I should like to say to the hon. member for Kootenay East that before trying to lecture somebody else he had better learn his own lessons. He said a while ago that I was reading my speech. I never prepare a text; all I have is a few notes. If he cannot say anything in this house without reading it, then he had better go outside and learn his lessons before he comes here.

[Mr. Paul.]

I also feel that I am speaking on behalf of somebody, because the mayor of St. Hyacinthe is certainly representing a city of 35,000 people. When I quote members of trade unions or federations or construction associations, they in turn are speaking on behalf of other people. They are all speaking on behalf of someone. If the hon. member for Kootenay East does not know this, then I suggest he sit down and remain silent or learn his lessons before he opens his mouth.

Mr. Byrne: I am quite happy to receive this lecture from the hon. member.

An hon. Member: You deserve it.

Mr. Byrne: However, I want to draw to the attention of the house once more citation 157, despite the fact the chairman overruled my objection, because this still does not give an hon. member licence to read without qualification, and base the major portion of his speech on articles that have been prepared by persons other than the member himself. I believe this is a rule of the house, and if we are going to make honest decisions then we should hear the honest opinions of the members themselves. A member should, in the main, prepare his own speech and not read almost entirely from articles.

Mr. Ricard: You never have to refer to anyone because you have got enough to satisfy your own needs.

(Translation):

Mr. Chairman, to go on with what I was saying a moment ago, I have here a copy of an item which says that the mayor of St. Hyacinthe called the tax an obstacle and a hindrance to the establishment of industries in the city of St. Hyacinthe.

He was not the only one to make such a remark, as I also have here the opinion of a contractor, Mr. Gaston Maillotte, who heads an important industry in St. Hyacinthe and who stated that, because of that new tax, the building industry will experience a considerable slowing down which will increase unemployment in the months to come.

I also have here a communication from the knitwear union of St. Hyacinthe, which wanted to put in a protest to protect its members. When something is said on behalf of 450 employees and if we take for granted that each one has an average family of three persons, this means a good many tax-paying citizens—I think it represents a great number of people.

I also received a great number of letters of protest against such unfair imposition of industry. For instance, Mr. Benoit Lainesse

wrote me to say that the considered enlargement of his industry, which was to give work to at least 10 more employees or so, has necessarily been postponed, because he cannot, at this time, afford the luxury of additional taxation.

All that, Mr. Chairman, to remind you that when presenting his budget, the Minister of Finance (Mr. Gordon) stated that he would give a new impetus to our economy and fight unemployment by imposing a 30 per cent tax on foreign purchases of Canadian securities.

Since then, all we have learned from the Minister of Finance is that during the coming year, the best that the Liberal government can do—we must not forget their rash promises during the election campaign—is to foresee a 5 per cent increase in the gross national product. If we consider that in 1962 there was an 8 per cent increase, then we can say to the magicians in front of us that they have much to learn from their predecessors and that they might well use the methods of the Conservative party during its six years in office.

To regain control over our future. The Minister of Finance has levied, as I said a moment ago, a 30 per cent tax which he withdrew under the pressure of big financial interests in Canada. It should be noted, Mr. Chairman, that it was not as a result of representations from the ordinary citizens that the Minister of Finance yielded, but rather following the protests raised by the mighty.

To fight unemployment. Well, in many industries, as mentioned in a telegram I received from the homebuilders association of the district of Montreal, employers have already been forced to lay off some of their employees and they are also afraid that, sooner or later, they might have to let go of others to whom they would have liked to give work during the winter months.

During the 1961 and 1962 sessions, we heard the Liberal team tell us that they had on file the required programs and projects to get this country moving again as never before, once they were brought back in office, and that those measures would reduce unemployment. And yet, Mr. Chairman, if we look at the statistics for the last two months, we find that unemployment has kept on increasing.

And now what about the world of business? I have with me a report from the newspaper *La Presse* which tells us that commercial bankruptcies during the last two months have risen to 200, the highest figure since 1961.

All this is the consequence of a hasty and ill-conceived policy on the part of people who were supposed to transform our country into a Garden of Eden.

Mr. Chairman, after his first mistake, the minister retreated once more when he decided that the tax would be applied progressively, that is from 4 to 8 per cent and then from 8 to 11 per cent. It still remains that building materials, machinery and all the commodities which are used by our industries will be subject to the 11 per cent tax. This will certainly have disastrous effects and far from helping Canada, it will hinder our economic growth and industry in general.

In addition, the progressive introduction of the tax will lead to abuses on the part of unscrupulous speculators.

How could the government prevent speculation on the eve of the day that the tax will pass from 4 to 8 per cent and later when it is increased from 8 to 11 per cent?

Small income earners will certainly be unjustly charged a tax by unscrupulous businessmen and dealers who care only for profits and have no regard for their fellow men.

It is a well known fact, Mr. Chairman, that during the debate no backbencher on the government side has dared state his opinion on this tax. It is obvious that they do not like the tax but they have to toe the party line. They were told: "Shut up. This tax must be levied as we have decided".

During their conversations between themselves, Mr. Chairman, the backbenchers protested against their party policy, but they do not dare say a word because they are afraid of retaliation.

Once again, the team now in office gives evidence that for this political group, the interest of the party comes before that of the country.

We had proof of this during the vote on nuclear arms. All Quebec members, especially, had pledged their word to their constituents that they would object to nuclear arms. However, when the question was put, they were all in favour of them.

Mr. Côté (Longueuil): Mr. Chairman, I rise on a question of privilege. The hon. member who has the floor claims that all hon. members who represent the province of Quebec on this side of the house have declared themselves opposed to nuclear arms during the

last election campaign. As far as I am concerned, I can state that such a statement is false because I, for one, never took a stand against them.

Mr. Ricard: Here is a new admission, Mr. Chairman. It resembles that made last night by a member of the Social Credit party who said that, after seeing the Liberal party in action, he was very sorry he had had anything to do with overthrowing the Conservative government last year. And it is only after seeing the Liberal team now in charge that one realizes how wisely public affairs were run under the previous administration.

Mr. Chairman, I will end my remarks by saying that the confusion that followed the presentation of the budget, the indecision, the withdrawals and the errors that marked the first 60 days of the present government, have led the people of Canada to realize quickly how well they were administered under the government headed by the present Leader of the Opposition (Mr. Diefenbaker).

I do not hesitate to say that the people are waiting for an opportunity to put their faith once more in the Conservative party, because they now see what the Liberal party can do in office. It is quite a different thing for the Liberal party to administer when in opposition and when in office. That party does very well in opposition but when the time comes to implement its program, that is another story.

Mr. Chairman, as I say, the Canadian people are anxious to have again a Conservative government to lead the country.

(Text):

Mr. Horner (Acadia): Mr. Chairman, in speaking about this budget and more particularly paragraph 1 of the excise tax resolution, one can only conclude from the many editorials that have been quoted, and from those that have not been quoted, that it certainly was not a popular way of raising money. In fact the minister admitted this and went on to say that no tax was popular, but this was the best of all evils. In defending it he said he still supported the 11 per cent initially announced, which is now down to 4 per cent but will later rise to 11 per cent.

Perhaps the opposition may take some credit for having it reduced a little for the time being, but this is not enough. The Canadian people want it taken off altogether, and they have strong reasons. We are told many things by the Liberals before and during the election campaign, but since taking power they have found that some things are hard to do.

While this may not deal strictly with the excise tax, the farmers were told this afternoon that they could forget all about the $3 per bushel for the first 300 bushels of their wheat and the $2 per bushel floor price. Instead they were informed that they will get $1.50 initial payment, the same as last year, and that is all. It is another broken promise, and in a sense the budget is a complete broken promise to the Canadian electorate.

I know the hon. member for Kootenay East is a very careful guardian of the house rules and suggests hon. members obey the rules at all times. Therefore I am not going to quote editorials at length, even though there are many which could be read into the record. However there is an interesting one in today's *Globe and Mail.* I do not intend to read it all but it says:

> The Liberal government rode into power last April 8 on a theme that was summarized by Prime Minister Lester Pearson in the sentence, "I don't think that we should spend a nickel after the election unless it contributes to the expansion of the economy."

That one sentence is sufficient to define the point I am trying to make, that expansion of the economy was what the government wanted. Therefore we must ask ourselves how this first paragraph of the resolution will aid in the expansion of the economy.

During the election campaign we were told that the economy was stagnating, and that, even though it had a growth rate of 8 per cent last year, this was not sufficient. However the budget now forecasts a 5 per cent increase in the gross national product. Is this bringing us out of the stagnation of the economy? Certainly people across the country who are giving some thought to the economy do not think so. Certainly the general public who went out to buy lumber after June 13, when this budget resolution was immediately implemented by lumber dealers, do not think so. In fact they said they would not buy lumber or cement.

What did the Canadian Chamber of Commerce have to say about it? This, Mr. Chairman, is a body which generally issues wise and carefully thought out statements. This appears in the July 5 edition of *Time* magazine. I will read just one brief sentence:

> The Canadian Chamber of Commerce said the tax would hurt Canadian sales abroad and slow the pace of the economy.

That is it, in one brief sentence. This will hurt and slow the pace of the economy. This is an economy slowed down by a Liberal government which promised the electorate before April 8 that, because the economy was not moving fast enough, they would speed it up. They have done nothing to speed it up. This resolution, in particular, does nothing to speed it up. It is all well and good for the hon. member for Leeds to say, as he did last evening, why should not the building trades be taxed the same as all other trades in Canada. This to me was a rather irresponsible question. It shows what little thought they gave to the employment problem of this country; it shows what little thought they gave to economic conditions facing Canada today, with a greater increase in the labour force occurring every year.

We must be prepared to move in the proper direction so that these people can expect a better position in life in Canada, so they can expect a job in Canada. We must move in the direction of creating those jobs. Where, I ask you, Mr. Chairman, can a person look for work? Where can a person going out into the labour force today be expected to find a job more easily than in the building trades and the building industry across Canada generally? This is where the greatest growth rate in employment has been over the past two years, and it will continue to be, because Canada is a growing nation. We are a growing nation in spite of this budget and in spite of this tax on the building industry of Canada.

We have heard some talk about deficits and what a terrible thing is deficit budgeting. This was said yesterday by members of the Social Credit party to my right. They went on at great length to say what a terrible thing is a deficit budget and they realize this is a deficit budget. They voted for it, and they agreed that the minister should implement new taxes. I am glad they voted for this tax because they will have to return to the electorate of Alberta some day, and perhaps to the electorate of Quebec. Also, the government of the day will have to return to the electorate and explain to them that they wanted Canada to grow, but taxed the very growth they wanted. It is, and will be, a diminishing tax. Coming back to the question of deficits, Mr. Chairman, I would like to quote some figures from the Canada Year Book of 1962, page 1038. The net debt per capita for each of the years 1952 to 1956 was well over $700, ranging all the way from $773 to $701. From 1957 to 1961 it was well under $700, being approximately $650 per capita. This explains whether there was or was not a growth in net debt. Certainly we have had deficit budgets. This was part of a policy to develop Canada; it was aimed at promoting economic growth to the extent of the 8 per cent which we were finally able to achieve. We brought in a devaluated dollar in 1962, which they criticized. What, in a sense, did that devaluated dollar do? I know, as a member from western Canada, that it aided the general agricultural picture in that area. It also aided the manufacturers in eastern and western Canada; in fact, throughout Canada.

Quoting from page 1472 of *Hansard*, the Minister of National Revenue had this to say in explaining this particular budget resolution. This is to be found almost at the top of the left hand column:

> I should point out that it is a manufacturers' tax—

I think those brief words explain what we are debating today. It is a manufacturers' tax. Where, I ask you, Mr. Chairman, does Canada hope to achieve the required growth in employment today? We must industrialize; this has been said from one end of the country to another. We must increase employment in our secondary industry and in our manufacturing industry. I ask the committee, in the light of many statements made in this regard, how can the government justify imposing a manufacturers' tax on the manufacturing industry of this budding, young country—

Mr. Greene: Mr. Chairman, would the hon. member permit a question?

Mr. Horner (Acadia): Certainly. I hope my hon. friend from Renfrew South has learned something about the tobacco industry since the last question he put to me.

Mr. Greene: I do not smoke, Mr. Chairman. But my question is not about the tobacco industry. I would like to ask the hon. member whether or not his party advocates deficit financing in each year and increasing deficit financing in each year.

Mr. Horner (Acadia): This is a rather simple question. Certainly we think a deficit budget is sometimes needed. I am prepared to support it and I am certain this party is prepared to support it. If Canada needs development, if Canada needs more jobs, this is the time and place for deficit budgeting. But we have heard a great deal of talk about indecision, the stalemate the country is in and how things had come to a complete standstill. What about the last three months? Every paper you picked up in the last three months said the country was in a state of flux because

industry did not know what to do about the 11 per cent tax or the 30 per cent tax. I look at today's *Globe and Mail*. The headline is, "And prices go up and down". This article says:

> The bond market moved up and down, like a yo-yo—

How long has it been doing this? It has been doing it ever since June 13. The bond markets, the stock markets generally have been sluggish and moving up and down like a yo-yo. This article continues:

> —in response to statements first by treasury secretary Dillon in Washington and then by finance minister Gordon in Ottawa.

They are in a state of great concern as to where we are going, and certainly when one looks at this resolution he can realize why they are in such a state of great concern, because I say again that the government's own definition of it is that it is a manufacturers' tax. I want the people of Canada to know exactly what it is classified as; it is classified as a manufacturers' tax. This is what the Minister of National Revenue, when explaining it, pointed out very clearly as is reported at page 1472 of *Hansard*. It is a manufacturers' tax on manufacturing; I cannot repeat that too often, because I think it explains what this is. This is why I take the strongest exception to it, because it is in secondary and manufacturing industry that I have always thought and hoped Canada would grow to become perhaps an industrial nation in the years ahead.

We have heard a lot of talk about increased spending and increased deficits. There has been some indecision as to whether this tax should apply to hospitals or old folks' homes. It has finally been taken off schools and universities. Why not take it off churches and municipal buildings. Why not take it off all non-profit buildings?

An hon. Member: And libraries.

Mr. Horner (Acadia): Yes, and libraries. The hon. member for Leeds, since my speech and the one yesterday by the hon. member for London, has changed his mind and now agrees with me and says, why not take it off everything.

Mr. Matheson: On a point of privilege, Mr. Chairman, I by no means have changed my mind. I think it is a basic proposition that essentially one strives to tax equitably and equally; and in a competitive system, when you pick out one sector and give it special treatment there must be a compelling reason for so doing. My intervention last night was addressed to this precise point.

[Mr. Horner (Acadia).]

Mr. Chairman: Order. I am just wondering what is the question of privilege upon which the hon. member is rising.

Mr. Matheson: Mr. Speaker, the hon. member twice, in the course of this debate, referred to my having changed my mind with respect to a question that I raised last night. I think it is proper and fitting, in the circumstances, to remind the committee exactly what my interjection was. I do not take it back—

The Chairman: Order. I understand the point that is being made by the hon. member for Leeds. Perhaps there is no point of privilege there. I am wondering whether just saying that an hon. member has changed his mind justifies raising a question of privilege. My suggestion would be that the hon. member for Acadia be allowed to continue his remarks.

Mr. Horner (Acadia): I want to assure the hon. member for Leeds that he should not feel self-conscious about changing his mind, because in recent days many hon. members on that side of the house have been changing their minds, particularly since June 13. Perhaps we on this side are encouraged by that, because we hope to have many hon. members on that side change their minds, and particularly the Minister of Finance, in connection with resolution No. 1.

Mr. Matheson: Mr. Chairman, my point of privilege was that I have not changed my mind, and I do not intend to change my mind on this matter. I am against continuing and growing deficits.

The Chairman: I am sure the hon. member for Leeds, who knows the rules of the house so well, realizes that if he wants to make the point he is now making under the guise of a question of privilege, he will have his opportunity in committee when this speech is concluded.

Mr. Horner (Acadia): Thank you, Mr. Chairman. I know of the hon. member's continuing interest in the Liberal party and his secondary interest in Canada, and perhaps he will take part in the debate and explain the statement made last night which appears on page 2556 of *Hansard*.

When this resolution was first implemented a great hue and cry rose across the country. *Time* magazine of last week reported that the minister received, on the average, 350 protests a day regarding this resolution. They were protests from all walks of life. This is what *Time* magazine says, and I will paraphrase it because the hon. member for Kootenay East does not like to hear people reading from magazines. The hon. member can read it if he likes. The minister can

also deny it if he wants to. I accept what I read and I accept this statement. Some 350 letters and telegrams are sent to the Minister of Finance each day, mainly on this particular resolution.

Mr. Gordon: May I ask the hon. member a question. I presume they include the telegrams which were heartily in favour of this particular way of raising revenue?

Mr. Horner (Acadia): This is a very interesting interjection from the minister. He seems to be capable of making interjections which deepen himself in the well in which he has sunk since June 13. I would ask the minister right now to tell us how many are in favour, or to produce the copies of the ones he has received in favour of this particular resolution. Let the house and the country decide whether or not, on his particular Gallup poll, this resolution has found favour. As I said in my opening remarks, a great hue and cry has been raised across the country against this particular tax. The resolution ended by saying that all agricultural machinery would be exempt, and all farm buildings or buildings on anyone's property would have to be taxed.

Then on July 8 the minister reduced the tax to 4 per cent, and said, "Catch as catch can". He told the people they can collect from the retailers the other 7 per cent they had paid. He said that if they had bought a house he was sure that the builder would be a good fellow and return the $500 to $1,500 which this 7 per cent tax would represent. But he did not offer, nor did the Department of National Revenue, to see to it that this tax would be returned.

Mr. Garland: Would the hon. member permit a question? Would he mind repeating what he said about the effect of the 11 per cent tax?

Mr. Horner (Acadia): If I recall my remarks I said that the 11 per cent would amount to between $500 and $1,500 on the average house purchased since June 13, and if the minister would like to dispute that I will be glad to listen to him.

Mr. Garland: I think the hon. member realizes he is in error there.

Mr. Horner (Acadia): No, I had not realized that. I was informed of that by my constituents. If a person bought a house for $7,000, then 11 per cent would be well over $700. That is it in a nut shell. This has happened to constituents of mine who produced the figures and facts. They have been charged $700 on a $7,000 house. I told them they would get that back and they asked me how. I said I would look into it and try and find the proper way. But I am sorry to say that I have not been able to ascertain for certain how this particular constituent of mine will get back in excess of $700 tax paid, owing to the indecision and the retreating change of mind of the Minister of Finance.

We talked of indecision in the April 8 election campaign. This country has never seen 90 days of more indecision and mumbling and more state of influx of the economy. As the Leader of the Opposition stated, there was a statement made by the United States government some time ago about a pat on the head at Hyannis Port, and a kick to the Canadian economy. We have received more kicks to the economy in the last 90 days than we have ever received at any time in past history.

Mr. Greene: What about the "state of influx"?

Mr. Horner (Acadia): The constituency of Renfrew South is in a state of influx. We have heard talk about home construction in this resolution, yet two or three days before the budget the Minister of Labour stated that $500 would be given to new home construction started in the winter time. Everybody thought: "Oh boy, this is a real handout". It had nothing to do, of course, with the statement of the leader of the government in today's *Globe and Mail*, in which he referred to no more give-aways. He summarized the theme of the April 8 election in one sentence, and I want to repeat it because it is a good one to repeat often to those now embarked upon give-aways of one sort or another, to undo the harm they did with the other hand, one might say. He said:

> I do not think we should spend a nickel after the election unless it contributes to the expansion of the economy.

In what way does $500 toward home construction in the wintertime offset this tax of something like $700 on a home, whether it is built in the winter or the summer? In what way does $500 on a home built in the wintertime compensate for construction in the wintertime? I have received many telegrams opposing this gift of $500 toward home construction. What does it do? It does not offset this tax. According to the Minister of Labour's own admission in this house it does not do that. What it does is to take $500 off the value of every home already built, and it taxes those same home owners so as to pay for the $500 the government is willing to give new home builders in the wintertime.

This business of the right hand giving one thing and the left hand taking a little more back, Mr. Chairman, certainly reminds an old farmer like myself of driving two balky horses and getting nowhere—one trying to go ahead

and one back. I am sure many hon. members, particularly the Minister of Agriculture, have witnessed or endured the task of trying to get somewhere with a team of horses like that. I suggest to the Liberal party that they should get together to get rid of the balky horses, because one cannot have an economy which will grow and provide all the jobs needed by the people who are newly entering the labour force unless everyone is pulling together and every measure introduced is designed to secure a better growth rate in Canada—a rate of growth even faster than the 8 per cent we had in 1962. It may be that the dismal efforts in these resolutions account for the minister not forecasting an increase of more than 5 per cent during the present year, but I hope Canadians will have enough faith in their country to invest in it and enable our gross national product to grow fast enough to absorb those who are added to our labour force every day.

The minister has reduced this tax from 11 per cent to 4 per cent.

Mr. Woolliams: No. He has not reduced it. He has amortized it.

Mr. Horner (Acadia): The minister has tried to clear up certain of these definitions. I know that many items of interest to agriculture are taxed, as things now stand, but I hope the definitions will be further clarified and that the taxes can be reduced in the months ahead. Agricultural buildings and all buildings put up by non-profit organizations should be exempt. Church buildings as well as schools and universities should be exempt. Certainly, we should not tax the generous gifts and donations made to these worthy institutions. We should at least move in the direction of allowing such things as these to grow and flourish. There is a place in Canada for churches, religions and libraries. We should be big enough to allow them to be free of the particular building tax which is now proposed.

The minister may sit and smile about his conceited ideas as to how Canada should grow. I have not written any book on how it should grow but I have had some definite ideas. We see in *Time* magazine that even the Prime Minister at one time questioned his great economic adviser, the Minister of Finance. He asked him: "Have you lost confidence in yourself?" The minister replied: "No, I have taken so many knocks during my 57 years that I can take one more". Well, the hon. gentleman has taken a good many knocks since June 13. I do not want to be the final straw or anything like it, but I do wish to say that the committee should give serious consideration to measures such as this which will hinder or halt the rate of economic growth in Canada, which is so vital to a young country such as ours.

Once again, I would ask this government to correlate its actions and its thoughts. Some time ago we heard a lot of talk about unemployment. Hon. members opposite said it was the primary concern of our country. Well, unemployment seems to have been replaced in these days by balance of payments problems. As I say, I hope the government will correlate its thinking and its actions so that our rate of economic growth is at least as high as it was last year. That is what I look forward to. But I do not think it will come about, and that is why I am strongly opposed to these resolutions.

An hon. Member: We have gathered that.

Mr. Horner (Acadia): Hon. members over there can laugh and smile. They will have to face the public sooner or later. That is the great thing about politics. Sooner or later they will have to face the music.

An hon. Member: Not worse than listening to you.

Mr. Horner (Acadia): They can make all sorts of snide remarks, but I believe the public is fully aware of what this tax means. It is a manufacturers' tax which is unwanted and unwarrantable in Canada today.

Mr. Matheson: I do not wish to take up the time of the committee for too long but in view of the amiable remarks of the hon. member for Acadia I feel I should intervene briefly.

I think it is clear that the purpose of this budget is twofold. The first intention is to stimulate the economy, but in order to do this we have to meet the obligations of the country. We, as a party, have to do this whether we want to do it or not. Looking at the white paper, I find, as set down on page 68, that we are now paying 14 per cent by way of public debt charges. Following the interesting series of speeches which were read into the record last night in connection with this matter, I put a question on the order paper. I have not yet had an answer to this question, but the question relates to federal, provincial and municipal debt in Canada and the servicing charges in connection therewith. In addition, it seeks information about private debt in this country.

I am old fashioned enough to think that some day we shall have to pay for these continuing deficits. It would be delightful if we could always be in the position in the business cycle where we could apply

Keynesian deficit financing, but there are many who think that the snap has gone out of the elastic—

An hon. Member: Why did you make all those promises, then.

Mr. Matheson: I am speaking only for myself and on behalf of my constituents. I earnestly believe we will have to face these debts some time and I am surprised that in the old Conservative party not one voice has been raised since this parliament was called to express concern about whether we shall ever balance our budget.

Some hon. Members: Oh, oh.

Mr. Matheson: I think I can say without reservation that not one member over there has supported any one of these taxes.

Mr. Woolliams: On a point of order.

The Chairman: The hon. member for Leeds has the floor and he should not be interrupted.

Mr. Woolliams: I rise on a question of privilege. The hon. member declared that no member on this side has mentioned the question of balancing the budget. I would ask the hon. member to read my speech with reference to the setting up of a department of industry.

Mr. Matheson: I believe I can say that no member of the Conservative party has to date, either in committee or in the house, given active support to any of the taxes proposed in this budget.

None of us likes these taxes. There is not a Liberal member in the house who has not had on his desk letters, telegrams and notes of telephone calls from constituents disturbed by these budget suggestions.

Some hon. Members: Oh, oh.

Mr. Matheson: We know that, and we know there has been the best-organized lobby in connection with this matter that Canada has ever witnessed on a budget. I just want to say to the hon. member for Port Arthur that my reaction last week end, and the week end before that, was that among a lot of common, ordinary folk in Canada there is a great deal of respect and admiration for this man Gordon.

Some hon. Members: Oh, oh.

Mr. Matheson: We had quite a sensation in the house when it was first suggested by the two reverend gentlemen over on the extreme left that perhaps there was something dishonest going on, some kind of leak. That was quickly picked up by the leader of the official opposition. The suggestion was that perhaps there was something indecent about the fact that people came in to give advice; but that has very quickly gone by the boards.

Mr. Martineau: Mr. Chairman, I think that the hon. member for Leeds is straying from the subject. He is reviving a subject that has been dealt with before, and that is not within the purview of this debate.

Mr. Matheson: The suggestion of impropriety has gone by the boards. Now the suggestion is that the minister is a jackass or does not know where to tax. I am very sorry that any additional taxes had to be imposed.

Mr. Horner (Acadia): So are we.

Mr. Matheson: May I ask hon. members, what is discreditable about placing the equipment and supplies and construction materials industries in precisely the same position as other industries? I wish we could have avoided this tax. It would have helped me very much with some of my friends and constituents. But if a tax has to be imposed, does it not make sense that at least we should deal equitably with all sections of industry? Surely the Conservative party in their economic philosophy must entertain some kind of support for the proposition of maintaining competitive enterprise. Competitive enterprise surely means the interplay of the market forces, supply and demand. Any time we intervene by way of a tax law and make changes to stimulate one sector of the economy as against another, or one area of a sector of the economy as against others, we create some kind of distortion. Surely at times we do that because, as the hon. member for Acadia said, there are areas where such stimulus does in fact do some economic good.

Perhaps it is in the secondary manufacturing sector where there is a large element of labour in relation to production. In these areas, of course, we are deeply concerned about employment. But surely as a basic proposition it makes sense that in our economy we should strive to deal equitably and fairly with all areas. If additional tax had to be imposed, does it not seem just and reasonable that at least the tax gaps should be filled?

I have not heard yet in any of the contributions of Conservative members any suggestion as to where, alternatively, they would have liked the additional tax to be imposed. Is it their proposition that it should have been in the form of additional income tax? Should it be by way of still higher sales tax elsewhere? Should it be in the form of higher tariffs?

Mr. Grafftey: You are the government.

Mr. Matheson: We are the government, but I am outside the establishment. I am just a private member of parliament. But I am deeply concerned about the fact that in less than six years we have accumulated deficits in excess of $2.9 billion. It seems to me that at some time we are going to have to pay for these deficits, just as I think that at some time we are going to have to pay for the cost of fighting world war II.

We have heard speeches by the hon. member for Nanaimo-Cowichan-The Islands, the financial critic for the New Democratic party. He spoke very cleverly on this matter. I do not subscribe to his economic theories but essentially they are that we are living in a neo-Keynesian world where we do not have to consider balancing budgets any more. These responsibilities do not enter into his philosophy, which is apparently that we can live in a continual state of deficit financing. Perhaps he does not go quite that far, but the implication is there; and I certainly recall that the leader of the New Democratic party said something very similar. He suggested that respected economic opinion today suggests that we do not need to worry about balancing our accounts any more. I happen to be old-fashioned enough to think we do and that if we actually spend more than we bring in by way of revenue essentially we are in trouble.

The armed forces are an illustration of this. I am not going to digress but I simply wish to give the facts. In the last six years we have actually failed to equip our army, navy and air forces properly. They have tended to fall down and down in the ratio of equipment to manpower. This is what is happening in our economy with regard to replacing our capital, and worse still even to the extent of not meeting our debt obligations.

I do not subscribe to everything Social Credit members say, but they are right in emphasizing the added burden to Canadians of debt charges. These debt charges are growing sharply. Considering our small population, this is a burden, and I am with the Minister of Finance in any form of discipline that needs to be imposed on the Canadian economy to make competitive enterprise more competitive and to allow us to move into the world economy with our heads held high, as I think we must do.

I am not going to carry on further. I do not like this tax. I do not think there is one member on our side who does; but before these deliberations are finished I should like to hear some suggestions from the Conservatives, an old party which I always thought believed in the principle of conserving—"conserving", meaning to save, to keep, to protect, to hold, to husband. I do not see much sign of that in their economic philosophy, and I should like to see some evidence of it. I should like to see some of their members suggest where and how we are going to conserve Canada for the future along the lines that I think have been indicated by the Minister of Finance.

(Translation):

Mr. Laprise: Mr. Chairman, I would not like the discussion of the budget resolutions to be concluded without making a few remarks, for, once again, it has been proved that taxes are never popular, so that the 11 per cent tax on building materials, which the Minister of Finance announced in his budget speech on June 13 last, raised such a flood of protest on all sides, that the minister had to make us swallow it in stages.

As far as I am concerned, I received letters and telegrams of protest from all parts of the country, and more particularly from my riding. Anyway, I find myself that the home building industry is the most affected by the new tax, because it directly affects those who were planning to build a home or, as the case may be, to make some renovations.

As that new tax will slow down any new building activity as well as repair work in existing property, construction workers will inevitably find it more difficult to find employment in that industry.

Those who, directly or indirectly, are responsible for the marketing of building materials, as well as those who normally look after their transportation, will also be hit by the tax.

Mr. Chairman, for a number of years we have been facing this serious problem of unemployment, which, instead of diminishing, is getting worse, more particularly in the province of Quebec. As a matter of fact, the last figures which were submitted to us indicate that unemployment has increased in an alarming fashion during the month of June 1963, in comparison to June 1962.

We believe that instead of interfering with the normal progress of the building industry, the government should use appropriate steps, such as fiscal incentives or other means to promote it.

Why discourage those who intended to become home owners in the near future? And why forget the old adage: activity in the building trade is a sign of prosperity?

A great deal was made of the $500 bonus this government intends to grant those who will build during the four less favourable months of the year. Now, Mr. Chairman, I

myself am a construction worker, and I know that it is much more expensive to build during the winter months. As a matter of fact, it is necessary to heat the water and the aggregate for the foundations of new buildings. It is necessary also to surround the house with a temporary shelter to keep out the cold. All this causes additional costs in housing construction, not to mention the fact that the workers do not work in comfort during the winter months. Consequently, this $500 bonus is greatly reduced because of the increased costs of construction.

Mr. Chairman, I also note that this new 11 per cent tax on building materials does more to cancel that bonus than any other tax.

Mr. Chairman, every family is entitled to a decent shelter, and it has been established that he who owns a small plot of land is more eager to defend his country against subversive doctrines, because he owns a share in his country. We need accommodation everywhere. Our cities, villages and rural areas are full of slums that we must plan to replace as soon as possible, because, after all, human beings should be better sheltered than animals.

The area I represent will be seriously affected by this tax, particularly on account of the tornado which hit the region at the end of June with indescribable force, specially in a part of the provincial riding of Abitibi West, spreading death and desolation.

In fact, over 350 farmers in 15 localities suffered losses. Barns, sheds and houses were torn down, and those buildings must be reconstructed.

Last July 3, I asked the Minister of Finance (Mr. Gordon) whether he considered exempting from the 11 per cent sales tax on building materials those who had suffered from that tornado. At that time, he answered that he would have a statement to make on Monday, July 8. After listening to his statement and reading it over, I found in it nothing very encouraging, except for a temporary alleviation on the 11 per cent tax.

We must realize that without assistance, even if they are full of good will, most of them will not be able to recover from the losses suffered because of that tornado.

Mr. Chairman, as can be seen on page 1950 of *Hansard*, the minister stated:

Since the budget was brought down on June 13, the government has received representations and suggestions for changes from members of all parties in this house, and from many people outside.

That means, Mr. Chairman, that there was no lack of suggestions to the Minister of Finance to amend his budget. And we think that it would have been wise for him to consider some of those suggestions which, if carried out, would have allowed him to look forward to larger revenues.

The taxes which we have to pay, and which we cannot get used to, are, after all, levied to get the necessary revenue to cover the various departments' expenses.

The minister of finance of a country holds the key to the administration, and the Minister of Finance of Canada has that key, which is the Bank of Canada. He has the power to use that key, the Bank of Canada, to create an economic climate reflecting the true wealth of our country and, at the same time, to put that wealth to the service of all Canadians. In that way, he would save headaches to other ministers who, I believe, would like to do more but are limited by their meagre budget; they establish their programs according to the amount the Department of National Revenue allows them, while they should have the possibility of establishing programs according to the needs of the country.

The budget has been meeting with such an opposition that the Minister of Finance cannot indefinitely continue to put up with our sick monetary system. He will have to adopt the monetary theory of the Social Credit party, for it is impossible to go on governing the country with taxes and loans as it is done now.

Since confederation we have had 72 budgets showing a deficit. Seventy two out of 96. Those budgets left with us a gigantic debt of $24,182 million, as can be seen on page 124 of the public accounts for 1962-63. That debt will force us to pay this year the amount of $882 million in interest only. That is enough to make us think.

The Minister of Finance should use the Bank of Canada to finance the government's expenses rather than following a policy of taxes and loans. We would thus have a balanced economic policy for all Canadians.

(Text):

Mr. Nesbitt: This afternoon and during the various stages of the budget debate, we have heard quite a number of economic theories. Economic theories, of course, can be varied

depending, I suppose, upon whether one follows the London school of economics, the Harvard school, the Chicago school or some other school.

Mr. Fisher: And the Leeds school.

Mr. Nesbitt: Yes, as the hon. member for Port Arthur mentions, the Leeds school. A few moments ago the hon. member for Leeds suggested that no one on this side of the house had made any suggestion as to the alternative method the Minister of Finance might have used to raise the necessary funds to cover the government's increased expenses. Well, in a few moments I will be pleased to offer some suggestions to which some consideration might be given. In addition to that, I was rather surprised by the request for suggestions by the hon. member for Leeds because I recall that a few months ago his party was the one that was supposed to have all the answers. This does not seem to have proven to be the case.

This question of deficit financing was mentioned by the hon. member for Leeds. I do not believe this is exactly the place to get into an argument on the economic theories of public finance. However, there did seem to me to be some confusion in the hon. member's mind as to the difference between external debt of the country and internal debt. However, be that as it may, a great deal has been said about this 11 per cent sales tax on building materials. I feel that to date practically everything that could be said has been said, and I do not wish to take up the time of the committee by reiterating what has already been said.

My only comment is that I was interested to hear the Minister of Finance say this afternoon that he had received letters of commendation on this tax. I find that interesting, and I say I am quite sure that none of them came from the part of the country I happen to represent. It is quite true that this sales tax of 11 per cent on building materials has been altered to some degree by the minister and is now being imposed on the instalment plan. I suppose one might refer to that as paralysis of industry by instalments rather than in one fell swoop.

As I said, many comments have been made on this subject and, apart from the fact that I agree thoroughly with the criticism of this tax, that is all I wish to say in that regard.

As I recall it, the Minister of Finance said in one of his speeches that this tax now being imposed on building materials and production machinery was being imposed on these items because they had been exempted to date, and for that reason it was only fair that they be taxed. This was the implication I gathered from the minister's remarks. On the face of it, if one has to raise additional revenue, it sounds very reasonable; but it is not as reasonable as it sounds.

The building and secondary manufacturing industries have not paid this tax over the years, and as a result have become adjusted to not paying it in relation to the rest of the economy. To use the ordinary term, they are what might be called vested interests and have become adjusted to our taxation system as it existed until now, and of course to our various customs tariffs.

The economy could be likened to a pile of bricks. If you pull out two or three of the important and largest bricks you disturb the whole pile and all the others have to readjust themselves into a new heap. If you start shifting around one or two of the major props to the economy this has effects and ramifications all through the economy, and by changing the tax structure with respect to these industries you unsettle the whole economy.

Secondary industry, which is the type we must depend on for further development of the economy, has had a bit of a boost during the last year or two, largely as a result of the revalued dollar, both with respect to imports and the developing export business. However I feel I must ask the minister for some clarification of what secondary industry will pay in the form of this new taxation. There is already a great deal of confusion in secondary industry, and if the hon. member for Kootenay East does not object I should like to quote from two letters with respect to the tax.

The letters are from two very large secondary industries, in one case from the general manager and in the other from the owner. One is a machine tool industry which employs close to 1,000 people, and I might say in passing that all industry is not located in Montreal or Toronto, as we are sometimes led to believe in this house. The other is a large manufacturer of automobile parts and aluminum tubes.

The first letter is from Standard Tube and T.I. Limited in Woodstock, and it says in part:

> Our company is constantly in competition with United States on fabricated tubular products, particularly in the automotive industry. On many occasions, equipment and tooling involved for Canadian production is costly and the imposition of 11 per cent sales tax may well cause us to lose potential business. In effect, imported parts are now given a substantial cost advantage over Canadian made parts.
>
> In conjunction with other automotive parts manufacturers, we have recently entered into certain reciprocity contracts involving export of materials to the United States. Here again, the 11 per cent sales tax now represents an extremely serious obstacle to the furtherance of such badly needed export business.
>
> Already we have been obliged to review our capital outlay budget. Of necessity, certain items

must either be cancelled or delayed as the additional tax involved on production machinery causes us to exceed original and approved estimates.

The other letter is from Mr. Harold Wilson, who is general manager, and I believe principal owner, of the Morrow Screw and Nut Company Limited, which is a very large machine tool company. He says:

I feel the situation as regards the 11 per cent sales tax is going to be not only intolerable but very disastrous to our industry. As I think I said before, any increase in our costs can only be reflected in loss of the new export market which we have begun to develop and even greater losses in our own domestic market. In connection with our parent organization, the Ingersoll Machine and Tool Company, it would appear that we may be faced with the loss of major portions of our steering gear business as the automobile manufacturers compare our prices against laid down prices from their own American plants, and naturally an increase in our price is going to swing the balance towards importation.

I have investigated carefully the clause which seems to re-establish the exemption on materials expended in production. Although at first this was thought to represent some improvement, on more careful study this would appear to be not too great an improvement. As we read the paragraph the exemption is only applied to materials, which I gather are raw materials, which are expended in manufacturing operations. It would appear that this exemption does not apply to other expendable items such as perishable tools. This item of perishable tools alone is one of our most severe manufacturing expenses. The application of the tax to this alone will add a very severe burden to our cost structure. I feel that it is necessary for industry to be supplied with a very careful directive advising how this exemption is or is not applied and to what. The word "material" just is not good enough to cover all the ramifications of this question.

There seems very little doubt that the imposition of this tax on production materials and machinery used in manufacturing will have a very serious effect on our balance of payments.

In regard to this question of our balance of payments there is one way in which matters could be assisted, and I refer to the question of travel in the wintertime to the West Indies. I think increased subsidies on air fare would help this, and it would certainly help our balance of payments if the commercial banks in Canada were advised to recommend the purchase of travellers cheques in Canadian funds instead of American dollars, to people visiting countries other than the United States. This is something which could be done in every branch of every bank.

I think everybody will agree with the minister when he said he felt it was necessary to try to raise additional funds to help balance the budget. No one would seriously disagree with that objective, but it is a question of how he might have gone about it. As I recall it, he outlined in his budget speech certain alternatives to which he had given some consideration. One that I recall was an across the board increase in income tax, an increase generally in sales tax, and the like. These various suggestions were cast aside by the minister and his advisers as being unsuitable. I would agree with the minister's decision on that. I think increased taxes in these fields would have done more harm than good and, as I say, I have no quarrel with that decision. But I would have thought the minister and his assistants might have explored a little more thoroughly some other source of revenue or perhaps a combination of certain other sources of revenue.

I would say at this point, Mr. Chairman, that the suggestions I should like to place before the minister for his consideration are my own personal suggestions. There may be others who will disagree with me, but for what they are worth I would like to suggest them. In the first place, I would have thought an increased tax on alcohol, or liquor, might have been a very good source of revenue. There is a fairly inelastic demand for liquor, and although people might not like it very much, I do not think many would seriously object if an extra 25 cents or 50 cents tax per bottle were levied.

Mr. Pickersgill: Mr. Chairman, does the hon. gentleman mean that an extra 50 cents should be added to the price of a bottle of beer?

Mr. Nesbitt: Mr. Chairman, I would hope the Secretary of State would know better than that, and I am sure he does. I was referring to alcohol—

Mr. Pickersgill: I am asking a question.

Mr. Nesbitt: —or spirits. I said, a bottle of liquor. If the Secretary of State does not know the difference between a bottle of liquor and a bottle of beer, I would suggest that he inquire of some of his colleagues. To make it very clear, I am referring to a 25 cents or 50 cents levy on a bottle of whisky, gin, rum or other commodities generally known as spirits. I am told that a tax imposed at the rate of 25 cents a bottle would bring in aproximately $25 million a year. If this figure is not correct, I would be very glad to be corrected. If the increase were 50 cents a bottle, it might come close to $40 million or $50 million a year, due to, perhaps, some decrease in consumption.

I do not think an increased excise tax on tobacco would produce very much revenue, in view of the advertising campaign of the Minister of National Health and Welfare with regard to smoking. Also, inasmuch as there is a reasonably elastic demand for cigarettes, I do not think an increased tax would bring much additional revenue to the treasury.

Mr. Gordon: That would be discrimination.

Mr. Nesbitt: I suggested a tax on spirits. I would think—

Mr. Roxburgh: Mr. Chairman, could I ask the hon. member a question?

Mr. Nesbitt: Certainly.

Mr. Roxburgh: Is the hon. member in favour of increasing the tax on tobacco?

Mr. Nesbitt: If the hon. member had been listening, he would have heard very well what I said. I have just pointed out that no benefit would be derived from placing an increased tax on tobacco; the treasury would get no more money, and it would be very inadvisable. I hope I have made myself clear this time. I was not, like the hon. member opposite, trying to cut off loans to farmers under the Farm Credit Corporation. Mr. Chairman, I should like to return to the suggestion I placed before the minister for bringing more money to the treasury. I think increased income taxes at some levels might have been considered by the minister, in combination with the other taxes I have been suggesting.

Mr. Pennell: Mr. Chairman, would the hon. member be specific and give us figures?

Mr. Nesbitt: Mr. Chairman, I am not in the least interested in hearing the comments of the hon. member for Brant-Haldimand. As the hon. member for Leeds was asking for suggestions, I am merely trying to accommodate him and pass on a few. Some hon. members opposite do not wish to hear these suggestions; nevertheless, I am going to continue. There is another method which I think might commend itself to the minister. It is perhaps a different or unusual source of tax revenue. This would be, to evolve a method —and I am sure the minister and his associates could devise some means of doing this —to try and shake loose some of the large funds held by insurance companies, for the purchase of common stocks. As I recall it, insurance companies can invest 15 per cent in common stocks. In the United States they are allowed to invest 25 per cent, but it is 15 per cent in Canada. The information I have is that only 4 per cent of these investments are at the present time in common stocks; the rest are in bonds, mortgages and first mortgage bonds which, compared with good common stocks, have a relatively low rate of return.

If means could be devised—and there are always good tax ways of doing these things —to encourage the loosening up of these funds for investment in common stocks, this would have a threefold effect. First of all, insurance companies have hundreds and hundreds of millions of dollars available for investment, and if this suggestion were put into effect it would undoubtedly increase the extent of Canadian ownership in Canadian industry. This would be a very good thing in the long run, of course, for our balance of payments problem, in particular with respect to exporting dividends abroad. Second, the increased returns to the companies holding these stocks would provide a higher rate of profit and the Minister of National Revenue would be able to collect more corporation tax. Third, another effect would be that with an increased ownership by these companies of Canadian common stocks, the dividends would be paid into Canadian companies and would be taxable, instead of going abroad and being subject only to the 15 per cent tax.

There are one or two questions I would like to put to the Minister of Finance, and perhaps the Minister of National Revenue, for clarification. Many people are uncertain in this regard, and I have not been able to obtain any clarification on just what goods used in manufacturing and production are to be taxed. Does this apply to such things as sulphuric acid, hydrochloric acid and various solvents used in industry? In some cases these commodities can be used several times. Are these things to be taxed? These are questions manufacturers in secondary industry would like to have answered. My second question is with regard to such items as saws, drills and various pieces of machine tools that are used up in the manufacture of other tools. There is still a great deal of confusion in this regard and perhaps before the resolutions are passed we will obtain some clarification from one of the ministers I have mentioned. I think this would bring back a great deal of confidence on the part of these industries. One of the problems is not so much that they have to pay a tax, because if they have to pay it, they have to pay it; but some of these companies would like to know what they have to pay the tax on. This doubt has created a great deal of delay in planning in secondary industry, which will be very detrimental to our economy. If the Minister of Finance or the Minister of National Revenue could clarify these matters, it would be very helpful indeed.

Mr. Mackasey: Mr. Chairman, in the few short moments left at my disposal I would like to say a few words on the budget resolutions. There are times in this house when I feel very much alone, in view of the fact that I am the only manufacturer of printed material, as far as I am aware, in the House of Commons. Hon. members can well imagine the volume of telegrams and representations that I receive from representatives of the graphic arts industry. There are times, too, when I envy the lawyers—and we seem to

have a preponderance of them in the house —because they seem to know just where to put the commas and the semicolons in these resolutions. But as a manufacturer I think I have some knowledge of the implications of the budget resolutions because they concern me very much in the very small business of which I am proud to be president.

When the minister originally introduced his budget he left unanswered a lot of questions in the minds of hon. members, and that goes for the backbenchers on this side of the house as well as members on opposition benches. But subsequently at various stages I think he has cleared up many of these unanswered questions. For instance, the question is asked why, instead of increasing taxes on production machinery he did not increase the income tax. To that question he answered that in his opinion it would have required too drastic an increase to get the required result. He also checked into the possibility of raising the excise tax where applicable to 12 or 13 per cent, but came to the conclusion that again this would hurt the average Canadian. He also investigated the possibility of raising corporation taxes, but found that this obvious source of revenue had been taxed to its capacity. If I am not mistaken he mentioned cigarettes and alcohol, but came to the conclusion that there again further taxation would only result in diminishing returns. The idea of taxing insurance as advocated by the hon. member for Oxford would no doubt result in an increase in insurance premiums which the average Canadian would be called upon to share. I think the danger into which we are falling at the moment, and one I suppose which the Minister of Finance cannot do anything about, is that we are discussing a budget resolution by resolution and forgetting the effects of the budget, good and bad, in the over-all picture.

I should like to deviate from my notes, because time is short, to mention one or two specific things which have occurred in my riding in the last few days. I was called Saturday to discuss with a manufacturer who was contemplating cancelling an order for $150,000 worth of production machinery. This was because of the 4 per cent tax. On the surface I could hardly blame him because he had contemplated buying this machinery before the increase in the budget and was faced with the expense of finding an extra $6,000. When I spoke to his chartered accountant and the board of directors and investigated the accelerated depreciation which was now at the disposal of this manufacturer, he turned to the vice president in charge of purchasing and said: "We have a fixed contract for a portion of our equipment which will not be subject to the 4 per cent. I want you to phone up Monday and have this fixed contract broken because I want to pay my 4 per cent so that I can take advantage of accelerated depreciation on all the equipment I am going to buy".

Mr. Starr: Would the hon. member permit a question? How did the person he was talking about know that the area in which his plant was to be located would be a designated area by the government for the purpose of this depreciation?

Mr. Mackasey: Mr. Chairman, I have read the bill perhaps a little closer than the hon. frontbencher on the other side has. In my opinion the accelerated depreciation has nothing to do with depreciated areas, the areas of high unemployment, which benefit from tax relief provisions, as I understand it. As a matter of fact, I think the Minister of Finance pointed out last night that this particular manufacturer I am talking about is not even obligated to take the accelerated depreciation immediately, if it is not in his best interests.

Another manufacturer is anticipating a sizeable order, and if he is successful in his tender this going concern is investigating the possibility of moving a small company to Amherst, Nova Scotia, so as to take advantage of an area which is considered one of aggravated unemployment, and thus obtain the tax holiday. That is another example of the way the budget is helping small industry. I have personally—and I think this is the duty of every hon. member, once he goes home and forgets party politics—found jobs in the last few months for at least 75 people in my riding who are over 45. I received the help of the unemployment insurance commission, and found jobs for people whose unemployment insurance benefits will have run out by the time the winter months set in. As we know, small companies are being encouraged by the grant of a subsidy of, I think, up to $75 a month to hire people over 45. In most cases I have found that those companies which depend on climatic conditions, such as snow removal companies, garbage companies, fuel oil companies, and dry cleaning companies, which are affected detrimentally in the summer and normally find their peak season in the winter, and require extra help, have in previous years customarily taken youngsters who should be at school because they can get them for a small sum, and make them do small clerical jobs around the office, answer the telephone or fill fuel oil orders. By making this personal canvass in my area I have found jobs for a lot of people, mostly in these small fuel oil firms; and while this may not contribute an awful

lot to our unemployment problem, it is very important that somebody helps people out of work. This is one way in which we can help.

In summing up, Mr. Chairman, while it is the prerogative of the house to scrutinize minutely every stage of the budget, I think in all fairness to the Minister of Finance we should look at the budget as a whole, objectively, take advantage of the provisions for accelerated depreciation and the tax holiday, and accept the fact that basically this is a good budget for Canada.

Mr. Fane: Mr. Chairman, I have half a minute left to discuss the things I intend to discuss, so would the committee permit me to call it six o'clock.

Some hon. Members: Agreed.

The Deputy Chairman: It being six o'clock, shall I rise, report progress, and request leave to sit again at the next sitting of the house?

Some hon. Members: Agreed.

Progress reported.

BUSINESS OF THE HOUSE

Mr. Churchill: I presume the house leader will tell us that we will go on with the present resolution tomorrow. Supposing we finish it, has he anything else to suggest?

Mr. Pickersgill: Yes, sir, I have. We will go on with these resolutions and if they are completed I intend to ask the unanimous consent of the house to proceed immediately with the bills. I hope that might be forthcoming, but I am not asking for that now. We would also take the bill respecting the surcharges and the economic council, and I would think that that would probably occupy us most of the day. If perchance we have a little time in the last hour of the day we could perhaps occupy it with the transport estimates.

As for Friday, I should like to confer with hon. gentlemen opposite before I try to forecast any business for that day.

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

HOUSE OF COMMONS

Thursday, July 25, 1963

The house met at 2.30 p.m.

SUPPLEMENTARY ESTIMATES, 1963-64

A message from His Excellency the Deputy Governor General transmitting supplementary estimates B for the financial year ending March 31, 1964, was presented by Hon. Walter L. Gordon (Minister of Finance), read by Mr. Speaker to the house, and referred to the committee of supply.

(Translation):

PRIVILEGE

MR. RONDEAU—REFERENCE TO REMARKS BY MEMBER FOR ARGENTEUIL-DEUX-MONTAGNES

Mr. Gilbert Rondeau (Shefford): Mr. Speaker, on July 17 last, while I was away from this house on account of illness, the hon. member for Argenteuil-Deux-Montagnes (Mr. Drouin) took advantage of that fact to behave childishly and indulge in silly remarks about me, besides insulting me.

As can be seen on page 2292 of *Hansard*, besides holding me responsible for a misprint in the Canadian Parliamentary Guide, he even accused me of trying to give myself out as a Liberal.

The insult is too great and my dignity as Social Credit member for Shefford riding demands a reparation.

As regards the misprint in the Parliamentary Guide, I should point out to the hon. member that as early as May 17, I sent a letter to Mr. Pierre G. Normandin, to make him aware of the misprint that had slipped into the French version of my biography.

I have here an acknowledgment of that letter from Mr. Normandin, who gives me the assurance that the error will be rectified in the guide supplement. I have that supplement in my hand and it can be seen on page 21 that the editor carried out my request and rectified the awkward error which had crept in.

The hon. member for Argenteuil-Deux-Montagnes lacked judgment when he thought that I could be responsible for an error committed by a printer. Therefore, Mr. Speaker, I ask him to withdraw his remarks.

(Text):

EXTERNAL AFFAIRS

NUCLEAR TEST BAN—ANNOUNCEMENT OF INITIALLING OF AGREEMENT

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, I am sure all hon. members of the house will welcome the agreement which was initialled today in Moscow for the cessation of nuclear tests in the atmosphere, in outer space and under water. This achievement, when it comes into force after signature, will be of the greatest importance not only in removing a major source of harmful radiation but because of the prospect it holds out for further improvement in east-west relations. The participants in the Moscow negotiations are deserving of our deep gratitude and our warm congratulations.

Despite the optimism which has justifiably been generated by the agreement concluded in Moscow, it would be unrealistic to ignore the fact that it is no more than a first step in the direction of the much more basic accord which will be needed to ensure world peace and security. We have still to remove the difficulties which stand in the way of a more comprehensive test ban, including underground tests. It is imperative, moreover, to ensure that any such agreement will command world wide support. Indeed, it will require universal acceptance if it is to be truly effective.

Moreover, even in agreeing to a comprehensive test ban binding on all states, we shall have dealt only with one small segment of the problems involved in working out a program of general disarmament and effective methods for the peaceful settlement of disputes. To accomplish this complex task will require prolonged and patient effort. We must not allow the present atmosphere of success to mislead us into thinking that it will be easily or quickly achieved.

At the same time we should in no way underestimate the importance of this unprecedented first step. It not only provides the momentum for further advances, but demonstrates that they are feasible and can be achieved through the realization of a common interest and by a concerted and determined effort. Significant changes in the thinking of the Soviet leaders, of which there are signs, could hold out still greater prospects for a far reaching east-west settlement.

A balanced appraisal of the present international situation should not for a moment

suggest that all barriers to a genuine détente are down. It would be naïve and even dangerous to have any such illusions. But what has happened does make plain that no one can afford to ignore any opportunity to press forward with negotiations aimed at a broader international understanding. So far as this government is concerned, and indeed I think it would be true of any Canadian government, we shall use to the utmost whatever influence and power we can bring to bear in assisting the speediest possible realization of this objective.

I understand that the present treaty will be open to all states, and it is to be hoped that the original signatories will make every effort to encourage the widest possible participation. I wish to assure the house that for its part the Canadian government is ready now to become a party to the agreement.

Right Hon. J. G. Diefenbaker (Leader of the Opposition): Mr. Speaker, there will be general agreement in this house with the announcement made by the Prime Minister. My one regret on this occasion is that the former member on this side of the house who contributed so much in his courageous efforts on behalf of disarmament, Hon. Howard Green, is not here to speak on behalf of the party.

The Prime Minister has pointed out that this is a great forward step. It does not, of course, include underground testing, but even in that regard there are arguments pro and con as to whether the inclusion of underground testing is entirely necessary to assure international and national security. This is the beginning, I hope, of wider negotiations. Certainly the events of the last few weeks have brought about, among all of us in the western world, a hope that we are entering a new era. The signing of this test ban agreement, limited as it is, is a significant step which may presage a new spirit of negotiation.

It has been interesting to follow the statements of Chairman Khrushchev in recent days. About ten days ago he stated that he would permit foreign inspectors to take up stations at Soviet air fields, railway stations, highways and ports to prevent secret concentrations of troops for surprise attack. This offer and his further request for consideration being given to a European non-aggression pact are matters that deserve to be carefully examined. One of the major steps forward yet to be taken toward international disarmament is the control of outer space; agreement among the nations that this infinite area shall not be used for military purposes.

The Prime Minister said in the course of his statement that the present treaty will be open to all states, and that it is to be hoped there will be the widest possible participation. With that view I entirely concur. I think Canada, because of the closeness of its relationship with France, should be able to do something to bring about an agreement to include France within the purview of this treaty. Certainly the Secretary of State for External Affairs is one who I feel could do a great deal in this connection, to bring about agreement on the part of France through discussions held with General de Gaulle.

Then I think there is a further matter that deserves consideration at this time. That is the question of communist China, a country of 700 million people. By pretending to ignore its existence we do not in fact ignore the tremendous threat that becomes more apparent day by day. Only in the last few days relations between the U.S.S.R. and communist China have indicated a strong division as between those two countries in their thinking. Chairman Khrushchev contends that there is no need to bring about war in order to advance communism; communist China takes the view that revolutionary war is the sole basis for expanding communism. This presents dangerous possibilities. Within a year or two communist China will have nuclear weapons, it is expected.

I think a major challenge is presented to the nations of the western world today. Canada, the United States and other nations will have to take another look at our policy regarding communist China. We will have to review our thinking. We will have to consider the problem, and it is a tremendous one, in the perspective of changing events, and particularly in view of this agreement; because unless it includes communist China—and I do not want to mention France in the same paragraph—and we are able to secure the adherence of communist China, the threat of nuclear war will hang over us to a degree that we can only anticipate with foreboding, horror and overwhelming fear.

I think that the conclusion of this agreement, as the Prime Minister has said, represents what can be achieved by those who are prepared courageously to follow a course of action. Whatever the fears, whatever the setbacks, the word "never" is no longer in the vocabulary of our relations as between east and west; that has been shown by the signing of this test ban. I hope, and I know the house does, that all of us will be able to make our contribution to assure the removal of the threat, which is overshadowing all mankind, of the thermonuclear destruction not only of our country and the free world but of mankind itself.

Mr. R. N. Thompson (Red Deer): Mr. Speaker, I am sure all hon. members in this

house join with the Prime Minister in expressing their satisfaction, and the renewed hope for world peace which have been raised in their minds as the result of the announcement which we have just heard and the news which has been coming to us in the last couple of days of the test ban negotiations which have been carried on in Moscow. I am sure that all Canadians, peace loving as we are, look forward with much expectation to this significant step toward bringing about a realization of what we hope for, not only for our country but also for the whole world.

I note with satisfaction, however, that the Prime Minister has been careful to caution us about any degree of overoptimism. Certainly no successful test ban arrangements and no successful disarmament treaty can mean anything unless all aspects are taken care of. While we agree that this is a tremendous step forward and that there is obviously general agreement about the arrangements for a ban on nuclear testing in the three areas which have been mentioned, the fact remains that modern instrumentation has made possible the detection of any such type of testing in any part of the world from any other part of the world. What is being covered now is nothing more nor less than what can be covered by other means as far as the opposing elements of this test ban agreement are concerned.

Therefore, while we do observe this hopeful note, it is imperative that we heed these words of caution, particularly in view of the fact that any agreement of this type must be multilateral; it cannot be unilateral in any of its aspects. I think we all hope within ourselves that this first step might be the beginning of a greater degree of agreement amongst the nations of the world, particularly between the eastern and western elements, toward the objectives of world peace and total disarmament.

I think it is well for us to remember that the problem involved is not just one of nuclear armaments, nor is it just one of general disarmament. The cold war is rapidly taking on new aspects. We must take note of the fact that the Chinese brand of communism and the Soviet brand of communism are at odds with each other. The differences run very deep, perhaps deeper than we realize. Yet there is no evidence that the objective of world communism, whether it is sought through the militaristic attitude of China or through the ideas of co-existence which, apparently, we find in the Soviet union, does not differ in any way. The basic objective in both cases remains the destruction of capitalism and the free way of life which we enjoy in our country, as well as those individual rights which we regard as sacred.

Another aspect of this question which is important is this, and, we are not concerned here with military strength alone. Bound up with the military aspect of this situation are the foreign policies of all the various governments concerned, as well as their economic policies. I am concerned that the economic side of these relationships is rapidly becoming even more important than the military aspect. It has been said that the world is dividing itself into three basic blocs, the communistic states of the east, the free democratic countries of the west and the emerging nations. The attention of each of these groups will be increasingly related to the success of the efforts which are being made to raise economic standards and to improve the standard of living of the individuals composing them. Success in this direction will be the basic element involved if we are to meet the threat posed by communism to our free way of life.

We must, moreover, take careful note that we cannot separate our trade policies, our foreign policies and our defence policies. They must go together. Fragmentation of the over-all picture would merely add to the weakness we have exhibited many times in the past. Thus, while we are pleased with the progress which has been made, we must at all times be cautious to keep the basic issues in correct perspective.

We are grateful to the Prime Minister for bringing this statement to the attention of the house, and we completely agree that Canada should take immediate action to be one of the signatory powers. And if the time should come when there is a break in the wall which tends to divide the people of the world today, we should be there to play our part and do whatever is our responsibility to do.

Mr. T. C. Douglas (Burnaby-Coquitlam): Mr. Speaker, the initialling of the test ban agreement by the representatives of the governments of the United States, the United Kingdom and the Soviet union represents an important milestone in man's march toward peace on earth and the rule of law. Now that the ice jam has been broken it may be possible to move toward greater achievements in establishing peace throughout the world. Undoubtedly the logical next step would be to work for nuclear disarmament among the nuclear powers.

However, before this is possible the proposal of Premier Khrushchev will have to be considered, namely a non-aggression pact between the NATO nations and the Warsaw pact powers. I hope that Canada as a member of NATO will exercise all its influence toward that end. I think we have reached the stage where we can no longer continue to

posture in rigid, fixed positions. I hope that Canada will use its influence to see that a non-aggression pact between NATO and the Warsaw pact countries is not held up merely in order to preserve the myth that East Germany does not exist.

I was glad to hear the Prime Minister say that Canada would subscribe to this agreement. I hope, however, that we will do much more. At the present time the warm winds of understanding and tolerance are beginning to blow across the cold war. This is the time for nations to take the initiative and to remove the clouds of suspicion that have covered the eyes of the nations. Canada could do much by taking the initiative in this regard.

I think Canada ought to reconsider its position with reference to the recognition of red China and the admission of red China into the United Nations provided, of course, she is prepared to become a law abiding member of the world community. As I have said repeatedly in the house, I think this is an excellent opportunity for the Canadian government to say that in the interests of stopping the spread of nuclear arms in the world, Canada is prepared to reconsider its position with reference to the acquisition of nuclear arms. I am sure that if in the course of the next few days or weeks the Prime Minister was prepared to make an announcement that Canada was reconsidering its position in the light of the improved international situation and was prepared as its contribution to forgo the acquisition of nuclear arms, this would do much toward promoting the kind of understanding and good will which are basically essential to any further progress on the road to peace.

HOUSE OF COMMONS

THE MINISTRY—BUSINESS OF THE HOUSE

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, I have a statement to make on government organization and one to make on house business. Perhaps I may be permitted to combine them. The first one is very short. I wish to announce that The Department of Industry Act was proclaimed yesterday, that Hon. C. M. Drury, Minister of Defence Production, was sworn in today as Minister of Industry and that David A. Golden is to be deputy minister.

Ministerial responsibility for the department of public printing and stationery was transferred today from the Secretary of State to the Minister of Industry in accordance with a recommendation of the Glassco commission report and, I may add, with the approval of the Secretary of State.

Yesterday the Leader of the Opposition asked me about the general plan of the government for the remainder of this portion of the session, and also asked when the government expected that parliament would reconvene. I undertook to make a statement today, and I now propose to do so. The house leader, the Secretary of State, has been in regular consultation with representatives of the parties opposite in arranging the business of the house and has, I understand, given them a general indication of what the government hopes to accomplish before we adjourn for what is left of the summer. I believe I can summarize this very briefly.

Today we are going on with the one remaining budget resolution, to be followed by the excise tax bill. The government also wishes to complete consideration of the bill respecting the surcharge order and the committee stage and third reading of the bill respecting the economic council. As for the municipal development and loan board bill and the resolution respecting the Canada pension plan, these, as hon. members know, are to be the subject of consultation with the premiers of the provinces tomorrow and Saturday. I believe it will be a courtesy to the provinces to reserve any statement regarding the government's plans with respect to these two matters until Monday, when a statement can be made in the light of this conference.

The government will also ask for interim supply for the months of August and September. In this connection, Mr. Speaker, we plan to bring in a supplementary estimate which will be largely concerned with the maintenance of employment, and which it would be the hope of the government that the committee of supply would adopt so that this item could be included in the interim supply bill. The government has not yet completed its consideration of the Norris report, and it is possible that we may be in a position next week to ask the house to consider a measure arising out of the recommendations of that report.

I know of no other business that the government feels it should be necessary to have completed before the adjournment, except for two items which we would like the house to be able to deal with in this part of the session. Subject to further consultation between the house leader and hon. gentlemen opposite with regard to procedure, the government is ready to take the responsibility tomorrow of proposing certain changes in the remuneration and pensions of members of parliament, and we would like at the same time to deal with certain amendments to the Judges Act which, in the opinion of the government, should be made before the adjournment if possible.

It would be the hope of the government that with the co-operation of all hon. members we might complete the business of this part of the session by the middle or latter part of next week, and in that case it might be possible to adjourn until Monday, September 30.

Right Hon. J. G. Diefenbaker (Leader of the Opposition): Mr. Speaker, I thank the Prime Minister for his outline. While I am in entire agreement with the date fixed for adjournment, if the program to which he has referred is to receive the proper attention that parliament must give to it then it would seem that, as has happened so often in the past, prime ministers are often too optimistic in setting dates for the termination of sessions.

In so far as the house business is concerned, I feel that any action to be taken should be in accordance with the usual method and should follow the rules. There was a suggestion that tomorrow, provided there was consent, certain matters could be proceeded with. Now that we are in the middle of the budget discussion I believe we should continue with that and that the government in the regular course should place on the order paper whatever motion it desires to place thereon. Certainly there will be no great delay.

I am sure we would be subject to a great deal of criticism if the house were to decide by agreement that the rules are to be set aside in respect of a matter particularly affecting the house. People across the country would say "You delay other matters because of the necessity of compliance with the rules, but on matters affecting each and every member of the house and the Senate you have no qualms in asking for consent consideration immediately". In my view a motion could be made returnable on Monday in the regular course of events, in which case that argument could not be used because the regular processes of parliament would have been followed.

I suggest to the Prime Minister in all sincerity that the course suggested by him could only lead to people believing that when we deal with matters affecting ourselves the rules are brushed aside. One extra day's consideration through a motion being properly placed before the house will meet any such general criticism.

Hon. J. W. Pickersgill (Secretary of State): I wonder if I might be permitted to say a word. Of course in view of what the Leader of the Opposition has said there would be no thought whatever of proceeding tomorrow with these matters. However, I should remind the right hon. gentleman and the house that because of the conference it will not be possible to proceed with budget matters tomorrow and they will have to be set over unless, as I fervently hope, they are completed today, and as I have good reason to believe they will be.

Under the circumstances perhaps I should give hon. members as much warning as possible that the government's wish would be, subject to anything other hon. members might wish, to take the supplementary estimate which was tabled today. If there were agreement to take that we would like to have the whole amount passed, since it is entirely for employment. Then we could include it in interim supply. If there were an understanding that we should do that, then we would go on with the estimates of the Department of Transport in the hope that we might complete that department tomorrow. Perhaps I should add, sir, that if there is any disposition on the part of representatives of parties opposite to suggest some other alternative course that might make greater progress, I would be happy to consider it.

There is one further caveat I am obliged to enter. My hon. friend the President of the Privy Council also has to be at the premiers' meeting, otherwise we would like to take the economic council measure.

Mr. Diefenbaker: We realize the need for the Prime Minister, the president of the council and other ministers to be present. In our desire to co-operate we will do nothing that would prejudice them during their absence.

ESTABLISHMENT OF ELECTORAL BOUNDARIES COMMISSION

On the orders of the day:

Mr. T. C. Douglas (Burnaby-Coquitlam): May I direct a question to the Prime Minister. Is it still the government's intention to set up a commission to look into the redistribution of federal constituencies? If so, does the Prime Minister intend to bring down legislation in that regard soon after the house reconvenes at the end of September?

Right Hon. L. B. Pearson (Prime Minister): Yes, Mr. Speaker, it is indeed our intention to do that. We had hoped it might have been possible in the first part of the session. Certainly we will be bringing down legislation for that purpose in the resumed session in the autumn.

PROTECTIVE STAFF—REQUEST FOR SUMMER WEIGHT UNIFORMS

On the orders of the day:

Mr. Eric A. Winkler (Grey-Bruce): Mr. Speaker, my question might not be of great

national significance, but I am sure it will be locally important. I should like to direct my question to the Secretary of State. I am wondering if the minister could take up with the proper officials the possibility of securing light weight uniforms for the protective staffs of both houses of this parliament.

Hon. J. W. Pickersgill (Secretary of State): I am sure Your Honour, although you cannot be questioned directly, will nevertheless give the matter consideration, especially bearing in mind the temperature today.

(Translation):

ADMINISTRATION OF JUSTICE

LEOPOLD DION, INVESTIGATION INTO PAROLE

On the orders of the day:

Mr. Guy Marcoux (Quebec-Montmorency): Mr. Speaker, I should like to ask the Minister of Justice a question of which I have unfortunately been unable to give him notice.

Yesterday, it was stated in reply to a question of mine, that the case of Mr. Leopold Dion is being considered by a coroner in the course of an investigation. Now, according to the newspaper *L'Evenement,* of Quebec city, and the *Gazette* of this morning, Mr. Dion is held criminally responsible.

I should like to ask the minister whether he intends to carry out an investigation within the national parole board to reassure the families concerned which live in various ridings, namely Quebec-Montmorency, Quebec East, Portneuf and all the counties of the Lake St. John district.

Hon. Lionel Chevrier (Minister of Justice): Mr. Speaker, I feel that the question just asked by the hon. member for Quebec-Montmorency is of the utmost importance, especially after what happened during the coroner's investigation.

When my parliamentary secretary (Mr. Macdonald) rose to reply to the question yesterday, he said that the government was not considering the holding of an investigation within the national parole board.

However, I feel that we must take into consideration the fact that the prisoner has made a confession. The board did make a thorough examination of the Dion case but in such circumstances, when a prisoner is mentally unstable, it is always dangerous to free him on parole. In this instance, a minute examination was made before the prisoner was set free. However, as I just said, since a confession has been made and in view of the circumstances surrounding this horrible crime, which I consider as extremely serious, I am asking a lawyer and a psychiatrist to examine the file immediately and to advise me as to whether too great a risk was taken in this case, in their opinion.

(Text):

FINANCE

INQUIRIES RESPECTING U.S. MODIFICATION OF TAX IMPOSED

On the orders of the day:

Hon. Paul Martineau (Pontiac-Temiscamingue): I should like to ask the Prime Minister a question further to the statement he made to the house earlier this week. Will he continue to press for full exemption from the proposed United States tax upon the purchases of Canadian securities by United States residents, and will he advise the house whether any progress has been made in that direction to date?

Right Hon. L. B. Pearson (Prime Minister): The hon. gentleman may have noted that the secretary of the treasury has expressed the hope to congress that such full exemption will be achieved. I think this is some progress.

Mr. Martineau: How does the Prime Minister reconcile the answer he has just given with the statement—

Mr. Speaker: Order. Will the hon. member please put his question? He is entering into an argument.

Mr. Martineau: I should like the Prime Minister to inform the house whether he has any comment to make upon the statement made by the under secretary of the treasury of the United States, Mr. Robert V. Roosa, to the effect he has made it quite clear there would be no further exemptions?

Mr. Pearson: No, Mr. Speaker, I have no comment to make on that.

[*Later:*]

Mr. G. H. Aiken (Parry Sound-Muskoka): Mr. Speaker, I have a question for the Minister of Finance. Has the minister received a copy of the President's revised draft legislation to the United States congress relating to the securities tax?

Hon. Walter L. Gordon (Minister of Finance): No, Mr. Speaker, I have not received it myself.

Mr. Aiken: A supplementary question, Mr. Speaker. In view of the statement by Mr. Dillon, secretary of the United States treasury, that Japan could apply for an exemption in the same manner as Canada, can the minister now verify the fact that the exemptions do not apply solely to Canada?

Mr. Gordon: Mr. Speaker, I am not quite clear whether or not this is a hypothetical question.

Mr. Aiken: No.

Mr. Gordon: The hon. member says no, but it is based on whether or not there is legislation before congress. To my knowledge the legislation is not yet before congress.

[*Later:*]

Mr. Martineau: Can the Minister of Finance inform the house whether, in the course of the discussion on finance which took place in Washington during the week end, the possibility of unpegging the Canadian dollar was raised?

Mr. Gordon: I shall be delighted to answer that question, but I should like to place the answer in the proper context.

In the week end discussions in Washington there was a full and frank discussion between Canadian and United States representatives of all aspects of the payments position of the two countries. This naturally included a discussion of the capital movements between the two countries and of the various factors affecting them. As members of the house are aware, one of these factors—by no means the only one, but an important one—is the relative level of interest rates in the two countries.

The Canadian representatives explained, as I had informed the house on the evening of June 13, that the monetary policy of the government and, of course, of the Bank of Canada was directed to achieving the kind of credit conditions which would favour economic expansion in Canada while keeping the needs of the balance of payments situation in mind. They pointed out that there had been a progressive reduction for some time in the level of interest rates in Canada and in the spread between interest rates in Canada and the United States, and said that in the present economic circumstances of large unemployment and substantial unutilized capacity it would continue to be the aim of Canadian policy to encourage credit conditions which were at once stimulating to the Canadian economy and compatible with exchange stability and balance in our international accounts.

The United States representatives were naturally interested primarily in the effects of the policies followed on their short term liabilities to Canada in the form of Canada's holdings of United States dollars which together with our gold holdings, constitute our exchange reserves. The Canadian representatives pointed out that during the latter part of 1962 it had been necessary to encourage a volume of borrowing abroad sufficient not only to cover our current account but also build up our depleted exchange reserves, and that this had led temporarily to abnormally large borrowings in the United States; that once the reserves had been rebuilt to more satisfactory levels, the policy had been, in the prevailing circumstances, to achieve a capital inflow no more than sufficient to cover the reduced current account deficit, and the success of this policy was reflected in the fact that during the first half of 1963 Canada's exchange reserves had remained very stable if one excludes the receipt in January, 1963, of the second half of the $250 million United States loan arranged in September, 1962. The Canadian representatives were accordingly authorized to provide the assurance, which is reflected in the communiqué, that it was not the desire or intention of Canada to take advantage of unlimited exemption from the proposed United States tax to increase her foreign exchange reserves through the proceeds of borrowing in the United States. This has, in any case, not been recent Canadian policy.

Exemption from the United States tax will undoubtedly enable Canada to maintain a lower level of interest rates than would have been possible if the tax were applied to us, and the general level of interest rates in Canada will be lower than it would have to be if we were aiming at increasing our exchange reserves by encouraging a volume of borrowing which, when taken in conjunction with the net of all other capital movements, was more than sufficient to cover our current account deficit. But members will, I am sure, realize that no one can forecast with certainty what the precise level of interest rates in Canada will be, since this depends on a variety of factors which cannot now be foreseen, including the trend of interest rates in the United States and elsewhere. Consequently it would not have been possible for any undertaking to have been given regarding the future of interest rates in Canada.

Now, to answer the hon. member's question about the exchange rate, there has been some question as to whether the possibility of Canada abandoning the fixed rate of the Canadian dollar was raised in the Washington discussions. The answer is in the negative. I have stated in the house that it is the policy of the government to maintain and defend the fixed exchange rate for the Canadian dollar at its present level, and this policy was not called into question by United States representatives in the Washington discussions. The last sentence of the communique issued after the talks records that active discussions will continue to strengthen the close economic relations between the two countries and, at the same time, facilitate measures for making the maximum practicable contributions to economic expansion in both countries and the strength and stability of both currencies.

SUGGESTED CANADIAN TAX ON FOREIGN INVESTMENTS

On the orders of the day:

Mr. Barry Mather (New Westminster): Mr. Speaker, I wish to direct a question to the Minister of Finance. In view of the announced

intention of President Kennedy to impose a 15 per cent tax on new United States investments abroad, will the minister take under consideration the possibility of imposing a similar new tax on Canadian investments abroad in order to encourage Canadian investment in Canada?

Hon. Walter L. Gordon (Minister of Finance): Mr. Speaker, I think the hon. member may have misunderstood the purpose of President Kennedy's proposed tax.

COMMITTEE CONSIDERATION OF INTEREST CHARGES ON SMALL LOANS

On the orders of the day:

Mr. H. A. Olson (Medicine Hat): Mr. Speaker, I would like to address a question to the Solicitor General concerning the business of the house and ask the minister whether he would attempt to speed up the proposal, I think it will have to be called, of a committee that was going to consider all the bills dealing with interest charges on small loans and related matters, because of the allegation made before the Ontario committee the day before yesterday and yesterday that there were some exorbitant interest rates being charged; and further, that the chartered banks are circumventing the statutory limit of 6 per cent interest on loans, which is of course a federal act.

Hon. J. Watson MacNaught (Solicitor General): Mr. Speaker, that resolution will be brought forward as soon as more pressing business in the house has been disposed of.

Mr. Olson: I have a supplementary question, Mr. Speaker. I would like to ask the minister whether he thinks the evidence would justify him initiating an investigation to ascertain whether this statutory limit of 6 per cent has been violated.

Mr. MacNaught: Mr. Speaker, I do not think it would be appropriate for a minister of this government to comment on revelations, shocking though they may be, made before a committee of another legislative body.

AGRICULTURE

REPORTED RESIGNATION OF ACTING ASSISTANT DEPUTY MINISTER

On the orders of the day:

Hon. Alvin Hamilton (Qu'Appelle): I should like to direct a question to the Minister of Agriculture. Has the minister received a letter of resignation from the acting assistant deputy minister, Dr. Kristjansson?

Hon. Harry W. Hays (Minister of Agriculture): Not to my knowledge.

[Mr. Mather.]

Mr. Hamilton: May I ask a supplementary question. If the minister has not received the letter himself, personally, will he give assurance to the house that the commitments made in solemn meeting between the federal government and the ten provincial governments that nothing in ARDA would contravene the principles of the resources for tomorrow conference will be maintained?

Mr. Hays: In reply to the hon. member, I may say I will take note of what he has said and we will keep it in mind.

Mr. D. M. Fisher (Port Arthur): May I ask a supplementary question. I should like to place the matter more directly before the minister. Is it his intention to change or alter drastically the ARDA program? If so, does he intend to introduce legislation this session to bring such changes into effect?

Mr. Hays: If there are any changes they will be a matter of government policy and will be introduced to the house at the proper time.

Mr. Fisher: As a further supplementary question, in view of that answer I would like first to direct the minister's attention to the kind of stories that caused the question of the former minister of agriculture, and ask if the minister can confirm that a number of resignations are in hand from people in the ARDA program because of their feeling that the government was intending to blot that program?

Mr. Hays: Mr. Speaker, I know of no intention on the part of anyone to resign. Everyone seems very, very happy.

Mr. Hamilton: In view of the importance of this matter, I wonder if the minister would give me a commitment today that if there is a letter of resignation he will make it available to the house?

LABOUR CONDITIONS

MEETING WITH LABOUR CONGRESS OFFICERS—CANADIAN SHIP AT CHICAGO

On the orders of the day:

Mr. A. D. Hales (Wellington South): Mr. Speaker, I would like to address a question to the Minister of Labour. Would the minister care to advise the house of his recent meeting with officials of the Canadian Labour Congress, and whether there are any new developments regarding the release of the Canadian ship at Chicago?

Hon. A. J. MacEachen (Minister of Labour): Mr. Speaker, yesterday I had discussions with the executive officers of the Canadian Labour

Congress. These discussions were confidential and it is not possible for me to advise the house as to their nature.

I have nothing further to report today in connection with the *Howard L. Shaw*.

THREATENED STRIKE ON U.S. RAILROADS

On the orders of the day:

Mr. Raymond Langlois (Megantic): Mr. Speaker, I should like to direct a question to the Minister of Transport. I did not send him notice of the question in view of the fact that I asked this question yesterday and the day before and was told that it would be taken as notice. Is the government considering action regarding the possible rail strike in the United States, and considering the position on our own railroads in the United States at the moment?

Hon. G. J. McIlraith (Minister of Transport): Mr. Speaker, the question is hypothetical, but I would point out that some of the railways in the United States are owned by Canadian National Railways, and I assume that the hon. member is referring to this. While the question as worded by him deals with action to be taken in the event of a strike, I would point out that if a strike does take place it will affect certain railroad operations in Canada. But beyond that, the question of a strike in the United States affecting railways being operated in the United States by United States employees is a matter over which we do not have jurisdiction.

GRAIN

SASKATCHEWAN—REPORTED INABILITY TO DELIVER QUOTAS

On the orders of the day:

Mr. Reg Cantelon (Kindersley): Mr. Speaker, I wish to direct a question to the Minister of Trade and Commerce. Today I received the following wire from Fairmount, Saskatchewan:

Point congested. Approximately 30,000 bushels to be delivered on present 12 bushel quota. This point on restricted list—

Mr. Speaker: Order please. I regret having to interrupt the hon. member but he should not read telegrams of that nature. He should state his question, and this is quite clearly set forth in the rules.

Mr. Cantelon: Since order No. 1,000 applies to this point among others, and some farmers are unable to deliver their quotas because the elevators are plugged, would the minister instruct the wheat board to review its policy on order No. 1,000, and remove it where deliveries are impossible because all elevators are filled?

Inquiries of the Ministry

Hon. Mitchell Sharp (Minister of Trade and Commerce): Mr. Speaker, I have been in touch with the wheat board from time to time in recent days about the delivery situation, and they have assured me they are doing everything possible to maintain equity between producers consistent with their overriding responsibility to put grain into position to meet market demands. I shall bring this complaint to the board's attention.

PRIVILEGE

MR. ROXBURGH—REFERENCE TO REMARK IN DEBATE BY MEMBER FOR OXFORD

On the orders of the day:

Mr. Jack Roxburgh (Norfolk): Mr. Speaker, I have a question of privilege to raise with regard to a statement made by the hon. member for Oxford (Mr. Nesbitt), reported at page 2598 of yesterday's *Hansard* as follows:

I was not, like the hon. member opposite, trying to cut off loans to farmers under the Farm Credit Corporation.

That is an untrue statement. This is what I said in my speech regarding the tobacco situation, as reported at page 1416 of *Hansard* for June 20:

I think one of the most important factors is to stop further expansion of tobacco growing. I should like to repeat that tobacco farmers in Ontario produce 99.9 per cent of the tobacco Canada uses. If all these facts that the medical profession claim are true, and I am not denying them, then why should this or any other government—

Mr. Churchill: On a point of order—

Mr. Roxburgh:

—allow the Farm Credit Corporation—

Some hon. Members: Order.

Mr. Roxburgh:

—and other corporations to lend money to people to grow more tobacco.

That was to advance it to the farmers. In my first speech I spoke of the Farm Credit Corporation and—

Mr. Speaker: Order.

Mr. Roxburgh: —all they have to do is read it.

Mr. Speaker: Order. I understand the hon. member has finished with his point of privilege, if there was one.

[*Later:*]

Mr. W. B. Nesbitt (Oxford): Mr. Speaker, a point of privilege was raised a few moments ago by the hon. member for Norfolk. The hon. member was explaining some misunderstanding on a previous occasion and was reading a paragraph from his own remarks of

a prior date. Unfortunately, Your Honour, he did not get an opportunity to finish the paragraph, and in fairness to the hon. member I was wondering whether on his behalf I might complete the sentence that was not read.

Some hon. Members: Order.

Mr. Speaker: Order, please.

Mr. Nesbitt: Your Honour—

Mr. Speaker: Order. I think the hon. member for Norfolk must take his own responsibility.

Mr. Nesbitt: I quite agree with that, Your Honour, but the hon. member for Norfolk made the statement in this house that a remark I made was not true; then he proceeded to read part of what he had said and did not get a chance to read the cogent sentence, and I would like to put that on the record. The sentence reads:

—why should this or any other government allow the Farm Credit Corporation and other corporations to lend money to people to grow more tobacco?

It is just that simple, Your Honour; that is the end of the quotation.

Mr. Roxburgh: Mr. Speaker—

An hon. Member: It is not funny, is it?

Mr. Roxburgh: No, not when it is not true. On a question of personal privilege, Mr. Speaker, this is exactly what the hon. member for Oxford said—

Some hon. Members: Oh, oh.

Mr. Speaker: Order, please. I suggest to both hon. members that they keep their family squabbles out of this house.

[*Later:*]

Mr. T. S. Barnett (Comox-Alberni): I rise on a question of privilege, Mr. Speaker, to inform the house that the family squabble on tobacco between the hon. member for Norfolk and the hon. member for Oxford has been settled with the result that there will be a modest increase in the funds of the Canadian Cancer Society.

LABOUR RELATIONS

NORRIS REPORT—INQUIRY AS TO GOVERNMENT ACTION

On the orders of the day:

Right Hon. J. G. Diefenbaker (Leader of the Opposition): I would like to ask a question of the Minister of Labour. In view of the urgency which is apparent in the findings of Mr. Justice Norris, is it not the intention of the government to bring before the house, prior to the closing of this part of the session, some measures to meet the terrible situation inherent in the findings of that commission?

Hon. A. J. MacEachen (Minister of Labour): Mr. Speaker, as the Prime Minister indicated in his earlier statement, the government presently has the Norris report under consideration and, as the Prime Minister also stated, the consideration of that report is not yet completed. When the consideration is completed it will be possible for the government to reach decisions, and it will only be possible at that time to determine whether any proposed measures can be brought to the house within the time limit suggested.

Mr. Diefenbaker: As a supplementary question, in view of the continued disorder that prevails on the great lakes, is it not possible to accelerate the deliberations of this committee? Because, if we are going to wait until fall, very serious results may follow inaction now.

Mr. MacEachen: First of all, Mr. Speaker, I would like to tell the right hon. gentleman that this matter has been treated, both by the interdepartmental committee and by the government, as a very urgent matter, and I am sure it would be the wish of the government to bring forward any measures as quickly as possible. I shall add that the government is fully aware of the implications of any delays in this matter.

NATIONAL DEFENCE

NUCLEAR WEAPONS—INQUIRY AS TO ACQUISITION BY CANADA

On the orders of the day:

Mr. Eldon M. Woolliams (Bow River): Mr. Speaker, I would like to direct a question to the Minister of National Defence. In view of the statement made by the right hon. Prime Minister in reference to test banning, I wish to ask whether nuclear weapons have been acquired by Canada for use in Canada or outside the country?

Hon. Paul Hellyer (Minister of National Defence): Not yet, Mr. Speaker.

POWER

COLUMBIA RIVER—INQUIRY AS TO RENEGOTIATION OF TREATY

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, I wish to direct a question to the Secretary of State for External Affairs. In view of the general interest in the question, could the minister inform the house when further meetings between representatives of

Canada and the United States will take place with respect to the renegotiation—I am using the Prime Minister's words—of the Columbia river treaty?

Hon. Paul Martin (Secretary of State for External Affairs): If my hon. friend will allow me I shall tell him something of interest. We have just concluded another satisfactory meeting with the representatives of the government of British Columbia and, as a result, we hope to be meeting with our opposite numbers in the negotiations with the United States, perhaps about the middle of next week.

Mr. Herridge: A supplementary question, Mr. Speaker. Does this mean that Premier Bennett has his five mills and his money?

Mr. Martin (Essex East): It means, Mr. Speaker, that the negotiations that have been carried on in a co-operative way between the government of Canada and the government of British Columbia are bearing results.

(Translation):

TRADE AND COMMERCE

PUBLICATIONS OF TRAVEL BUREAU IN BOTH LANGUAGES

On the orders of the day:

Hon. Theogene Ricard (St. Hyacinthe-Bagot): Mr. Speaker, as I wish to promote bilingualism in Canada, I should like to put a question to the Minister of Trade and Commerce. Could he tell the house whether it is his intention to have published in French in the near future the magazine entitled *Circle Tour from Trans-Canada Highway,* recently put out by the tourist bureau of the Canadian government?

(Text):

Hon. Mitchell Sharp (Minister of Trade and Commerce): Mr. Speaker, I hope the hon. gentleman will allow me to take this question as notice.

(Translation):

BROADCASTING

REQUEST FOR SETTING UP OF SPECIAL COMMITTEE

On the orders of the day:

Mr. L. J. Pigeon (Joliette-L'Assomption-Montcalm): Mr. Speaker, I should like to direct a question to the Secretary of State, who is the minister responsible for the Canadian Broadcasting Corporation. Does the government intend to establish a special committee to examine every aspect of the Canadian Broadcasting Corporation activities, or to set up a royal commission?

(Text):

Hon. J. W. Pickersgill (Secretary of State): Mr. Speaker, the hon. member for Burnaby-Coquitlam addressed a similar question to the Prime Minister some time ago and the Prime Minister's reply, if I remember it correctly, was that the matter was under consideration. I would hope that before the government felt it necessary to bring in any motions to set up any more special committees, we might make a little progress with those that are now on the order paper.

Mr. T. C. Douglas (Burnaby-Coquitlam): A supplementary question, Mr. Speaker. That would not apply, however, to the setting up of a royal commission. Has the government given some thought to the possibility of setting up a royal commission on broadcasting?

Mr. Pickersgill: Mr. Speaker, I did make a statement about that before the house met, at a meeting in Toronto at a time when I invited three gentlemen to look into this matter. I think it would be premature to attempt to reach any conclusion on that subject until I had some indication from those gentlemen as to answers to the questions I put to them, because I think the answers to those questions would undoubtedly have some influence on the terms of reference of any royal commission that might be considered.

Mr. Douglas: Mr. Speaker, could I ask the Secretary of State how soon he expects to get a report from the three gentlemen in question.

Mr. Pickersgill: I have not been in communication with them very recently, but I would hope it would be some time in September.

ROYAL CANADIAN AIR FORCE

INQUIRY AS TO CRASH OF PLANE IN SARDINIA

On the orders of the day:

Hon. D. S. Harkness (Calgary North): Mr. Speaker, I should like to address a question to the Minister of National Defence. Could the minister tell us what was the type of jet aircraft which was unfortunately lost, together with the life of the pilot, at Decimomannu in Sardinia, and if the cause of this accident has been determined.

Hon. Paul Hellyer (Minister of National Defence): Mr. Speaker, I understand it was a CF-104. The cause of the tragic accident has not yet been determined. An investigation has been commenced.

Mr. Harkness: A supplementary question, Mr. Speaker. What was the F-104 doing at Decimomannu?

Mr. Hellyer: It was engaged in practice operations, Mr. Speaker.

Mr. Harkness: I wonder whether I might ask, what kind of practice operations?

Inquiries of the Ministry

Mr. Hellyer: Profile bombing practice operations.

INDUSTRY

APPOINTMENT OF COMMISSIONER FOR AREA DEVELOPMENT

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, may I direct a question to the Minister of Industry. Since this question will give the minister an opportunity to make his maiden speech in his new role, perhaps I might be permitted to offer him my warm congratulations. As a matter of fact my congratulations are double barrelled; I congratulate him on being the Minister of Industry and I also congratulate him on having responsibility for that most important function so far as parliament is concerned, namely the printing bureau.

My question to the minister is this. Could he tell the house how soon he expects to be in a position to recommend the appointment of a commissioner for area development, so that this phase of the work of his department might get under way?

Hon. C. M. Drury (Minister of Industry): Mr. Speaker, a search is already under way for a suitable appointee as commissioner for area development, and I hope shortly to be able to make an announcement in this regard.

FORESTRY

CAPE BRETON—INQUIRY AS TO IMPROVEMENT PROGRAM

On the orders of the day:

Mr. Fred T. Armstrong (Shelburne-Yarmouth-Clare): Mr. Speaker, may I direct a question to the Minister of Forestry. Would the minister advise the house if any progress is being made in discussions with the government of Nova Scotia related to the forest stand improvement program in the Cape Breton area of that province?

Hon. J. R. Nicholson (Minister of Forestry): Mr. Speaker, I am pleased to be able to inform the house that the government has approved the extension for another year of the agreement with the province of Nova Scotia covering the forest stand improvement program for Cape Breton. Under the new agreement the federal government undertakes to pay 80 per cent of the miners' salaries and wages, and 50 per cent of all other expenditures in respect of stand improvement projects up to a total of $210,000. The remaining costs will be assumed by the province of Nova Scotia. Displaced miners seeking employment will be hired from the national employment service.

[Mr. Hellyer.]

EXTERNAL AFFAIRS

INQUIRY AS TO CANADA'S CONTRIBUTION TO WORLD FOOD PROGRAM

On the orders of the day:

Mr. W. H. Jorgenson (Provencher): Mr. Speaker, I should like to direct a question to the Minister of Trade and Commerce in relation to the statement made yesterday concerning Canada's increased contribution to the world food program. Has he consulted with Dr. Sem, director general of F.A.O., or Dr. Burmah, director of the world food program, in relation to this matter?

Hon. Mitchell Sharp (Minister of Trade and Commerce): No, Mr. Speaker, I personally did not have any talks with them on this particular subject. The officials of the government are, of course, in constant touch with the officials of the food and agriculture organization.

Mr. Jorgenson: A supplementary question. Would the minister give an assurance to the house that the commitment as to the ratio between food and cash assistance by the previous minister of agriculture will be maintained?

Mr. Sharp: I suggest that that question be put on the order paper so that it can be put precisely. It must be related to some particular program.

Mr. Jorgenson: A further supplementary question. Were there consultations between President Kennedy or Secretary of Agriculture Orville Freeman with regard to the impact of Canada's enlargement of giveaway programs, and their pledge not to extend United States giveaway programs following the vote on the referendum which was held in the United States?

Mr. Sharp: No. As I said yesterday our program of expanded aid, which will take the form of further shipments of wheat and flour to needy countries, will be expanded in consultation with other countries, including the United States, and it will be done in such a way as to give ample protection to the markets of those countries as well as ours.

NATO—SUGGESTED NON-AGGRESSION PACT WITH WARSAW PACT COUNTRIES

On the orders of the day:

Mr. Andrew Brewin (Greenwood): Mr. Speaker, my question is addressed to the Secretary of State for External Affairs. In the light of the encouraging and momentous statement made today by the Prime Minister, is it the intention of the government to express to its allies in NATO the belief that a non-aggression treaty between NATO and

the Warsaw pact powers might make a useful contribution to the easing of tensions between these two blocs?

Hon. Paul Martin (Secretary of State for External Affairs): Mr. Speaker, the conference to which the Prime Minister directed our attention earlier today has concluded. The negotiators are returning to their respective governments. In the communiqué which has been issued, they have indicated that they will report afterwards to the members of the NATO council, and the Soviet union will report to the members of the Warsaw pact.

When those reports take place Canada will be fully informed. The government has already indicated that subject to obligations and positions taken with regard to the problem of a divided Germany, we see advantage, all things considered, in a reaffirmation by the nations that they will not commit aggression. Before a final position can be taken, my hon. friend will understand that we will have to await the report to the NATO council and the attitude taken by other member states of NATO.

Mr. T. C. Douglas (Burnaby-Coquitlam): A supplementary question. Might I ask the minister what commitments Canada has with reference to a divided Germany?

Mr. Martin (Essex East): Mr. Speaker, Canada has no commitments. Canada has stated her views in this house, as it did through the previous government. We will have to give these views consideration before a final position can be taken. I would not want what I have said to be interpreted as meaning that it would not be possible to make a declaration on the part of members of NATO and members of the Warsaw pact which would take into account the considerations I mentioned a moment ago.

NORTHERN AFFAIRS

NORTHWEST TERRITORIES—DELAY IN UNIVERSITY TRAINING PROGRAM

On the orders of the day:

Hon. W. G. Dinsdale (Brandon-Souris): Mr. Speaker, I should like to direct a question to the minister of northern affairs and ask him whether he can confirm the report, notwithstanding the answer given in the house last Monday, that the Northwest Territories council, before it adjourned, did in fact provide a sum of $4,600 for the university training program for students in the Northwest Territories?

Hon. Arthur Laing (Minister of Northern Affairs and National Resources): Mr. Speaker, I am unable to confirm that. This matter was up some time ago. I think the hon. member raised it on July 22, and the opinion given at that time was that the authority to set these moneys aside for purposes outside the territories was beyond the capacity of the territorial council. I think the answer was also given that it would depend on the furtherance of the legislative program now before this house. I will make inquiries to see whether they have in fact set this money aside with the intention that it be used for this purpose, and I would think if it is within the bounds of legality the government would assist them in so doing.

(Translation):

ARTS, LETTERS AND SCIENCES

REPORTED STATEMENTS MADE BY MEMBERS OF COMMISSION

On the orders of the day:

Hon. Paul Martineau (Pontiac-Temiscamingue): Mr. Speaker, I should like to direct a question to the Prime Minister.

Following the question which I asked him yesterday, can the Prime Minister tell us whether he is now aware of the various statements made by the appointed members of the commission on biculturalism, and has he any comments to make on that matter?

(Text):

Right Hon. L. B. Pearson (Prime Minister): No, Mr. Speaker, I have no comment to make on that.

(Translation):

Mr. L. J. Pigeon (Joliette-L'Assomption-Montcalm): Mr. Speaker, I should like to put a supplementary question to the Prime Minister.

Does he find it normal that Mr. Andre Laurendeau, co-chairman of that commission, has made the following statement: "This inquiry will make of us more earnest separatists"?

HIGHWAYS

QUEBEC—INQUIRY AS TO DISCUSSIONS WITH MINISTER

On the orders of the day:

Mr. L. J. Pigeon (Joliette-L'Assomption-Montcalm): Mr. Speaker, I should like to direct a question to the Minister of Public Works.

Can the minister tell the house whether, following his meeting with the Montreal authorities and the provincial minister for highways, important projects will be carried out concerning access roads to Montreal, which will be paid in part by the federal government?

Hon. J. P. Deschatelets (Minister of Public Works): Mr. Speaker, there were discussions today with the provincial minister of high-

ways, the Hon. Mr. Pinard, and the chairman of the executive committee of Montreal, Mr. Paul Saulnier. Following these discussions which were very friendly, we decided on another meeting with our respective federal, provincial and municipal officials. When we have all the technical information, we shall be able to come to a decision as to the request made by the province of Quebec for a change in the lay-out of the highway which will pass through Montreal to reach the Boucherville bridge.

Hon. Paul Martineau (Pontiac-Temiscamingue): Mr. Speaker, I should like to ask a supplementary question. Following Mr. Pinard's statement to the effect that he had not yet received any invitation, will the minister take advantage of his meeting with this gentleman to invite him to attend the discussions which will take place with regard to a national highway project?

Mr. Deschatelets: Mr. Speaker, I am very happy that the hon. member has raised this question, because it enables me to inform him that the government has adopted no course of action with regard to a national highway policy.

First of all, we asked our officials to meet with those of all provinces, in order to inform themselves. Later on, the highway ministers of the various provinces as well as the federal Minister of Public Works will meet and exchange their views, without, however, a specific order of the day being prepared.

However, I should tell the hon. member that no province has as yet been invited to that conference, the date of which has not yet been set. But, when the time comes for such a meeting, all provinces will be invited at the same time.

(Text):

ROYAL CANADIAN NAVY

REPORTED REFUSAL TO PERMIT RE-ENLISTMENT OF PETTY OFFICER

On the orders of the day:

Hon. Paul Hellyer (Minister of National Defence): Some time ago the hon. member for Winnipeg North asked if I had received a report of the review of the circumstances relating to the termination of Mr. Eric Petersen's service in the Royal Canadian Navy. As the hon. member knows, the occurrence took place in 1961, but I can now give the house the following information.

Non-commissioned officers and men enlist for a fixed period of years, and when that period expires it is at the option of the service involved and of the man whether re-engagement is offered or accepted. In the case of Mr. Petersen, re-engagement was not offered and he was given an honourable discharge without any qualifications that might prejudice either his future employment elsewhere or his standing in whatever community in which he might choose to reside. Having looked into the matter thoroughly, I do not intend to alter the decision taken by the Royal Canadian Navy at that time.

Mr. T. C. Douglas (Burnaby-Coquitlam): Was it because this man was considered to be a security risk that an offer of continued service in the navy was not made to him?

Mr. Hellyer: I do not think it would be in the interest of Mr. Petersen or in the public interest to add anything to what I have said.

Mr. Douglas: Does the minister condone this practice of gathering security files on a man in the service and then allowing a cloud of suspicion to hang over him without there being an opportunity to clear it up?

Mr. Speaker: Order. I do not think that question is in order.

BUSINESS OF THE HOUSE

REQUEST FOR MEETINGS OF STANDING COMMITTEES

On the orders of the day:

Mr. Raymond Langlois (Megantic): I should like to direct a question to the Minister of Industry, and at the same time to congratulate him on his appointment to this new position.

My question is this. I have inquired of the hon. member for Winnipeg North Centre, who has much more experience in this house than myself, when the standing committee on debates last sat. I think it was approximately 10 years ago. I was wondering whether it could not meet once in 1963. I am not suggesting that it meet during this part of the session but rather after the adjournment, and possibly the minister could say whether the standing committee on debates could meet then.

Mr. Harold E. Winch (Vancouver East): Mr. Speaker, I should like to direct a question to the Secretary of State as house leader. Can he explain why so many of the standing committees of the house have not yet been called into session, even for organization purposes? I refer in particular to the estimates committee and the public accounts committee, whose responsibilities are such that they require not only weeks but months to fulfil their obligations.

Hon. J. W. Pickersgill (Secretary of State): Mr. Speaker, I am very thankful that my responsibilities are in and to the house and

not for the conduct of committees. I am afraid I do not know the answer to the hon. gentleman's question.

Mr. Winch: A supplementary question to the Prime Minister. Who has the basic responsibility for calling the first meetings of the standing committees of the House of Commons?

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, I am not sure I can give an accurate answer to that question. I will be glad to do some research, but I would suppose that any member of a committee can call a meeting, and that there is a special responsibility on the chairman.

Mr. Winch: There is no chairman until the committee is called, and the chairman almost always comes from the government side.

Mr. Pearson: Mr. Speaker, that is why I thought I would have to do some research.

WAYS AND MEANS

The house in committee of ways and means, Mr. Lamoureux in the chair.

EXCISE TAX ACT

Resolved,—That it is expedient to introduce a measure to amend the Excise Tax Act and to provide among other things:

1. That the present exemption from sales tax for certain building materials be withdrawn by repealing the exemption for all goods mentioned under the heading "Building Materials" in Schedule III of the said act and by repealing the exemptions for

(a) "Creosote oil and other wood preservatives when for use exclusively in the treatment of timber, poles or lumber;"

(b) "Railway ties;"

(c) "Goods for use as part of sewerage and drainage systems, and articles and materials to be used exclusively in the manufacture thereof;"

2. That any enactment based on paragraph 1 of this resolution provide that

(a) goods for use as part of sewerage and drainage systems be exempt from sales tax when sold to or imported by a municipality for its own use and not for resale,

(b) any transfer of a sewerage or drainage system to a municipality by any person within two years after the completion thereof, pursuant to a bylaw of or agreement with that municipality under which that person is required to instal such system and transfer it without charge to that municipality after the completion thereof be deemed, for the purpose of section 46 of the said act, to be a sale to the municipality for its own use and not for resale of goods for use as part of a sewerage or drainage system.

and that any agency operating a sewerage or drainage system for or on behalf of a municipality may be declared by the minister to be a municipality for the purpose of this paragraph.

3. That any enactment based on paragraph 1 of this resolution provide that drain tile for agricultural purposes and materials to be used exclusively in the manufacture thereof be exempt from sales tax.

4. That any enactment founded on paragraph 1 of this resolution provide that where materials have been purchased by or on behalf of a school, university or other similar educational institution for use exclusively in the construction of a building for that institution and the tax imposed by Part VI of the said act has been paid in respect of those materials, the Minister of National Revenue may upon application by the institution in such form as the minister prescribes made to the minister within two years from the time the materials were purchased, pay to the institution an amount equal to that tax.

5. That any enactment founded on paragraph 1 of this resolution provide that a person who

(a) manufactures or produces a building or other structure otherwise than at the site of construction or erection thereof, in competition with persons who construct or erect similar buildings or structures not so manufactured or produced,

(b) manufactures or produces otherwise than at the site of construction or erection of a building or other structure, structural building sections for incorporation into such building or structure, in competition with persons who construct or erect buildings or other structures that incorporate similar sections not so manufactured or produced, or

(c) manufactures or produces concrete or cinder building blocks, be deemed for the purposes of the said act not to be, in relation to any such building, structure, building sections or building blocks so manufactured or produced by him the manufacturer or producer thereof.

6. That the present exemption from sales tax for "Seventy five per cent of the sale price if manufactured in Canada, or seventy five per cent of the duty paid value if imported, of trailers for use as homes" be changed to read "Twenty five per cent of the sale price if manufactured in Canada, or twenty five per cent of the duty-paid value if imported, of trailers for use as homes".

7. That the present exemption for certain machinery and apparatus to be used in manufacture or production be withdrawn by repealing the exemption for all goods mentioned under the headings "Machinery and Apparatus to be used in Manufacture or Production" and "Engines" in Schedule III of the said act and by repealing the exemptions for

(a) "Seismic shot-hole casing and materials used in the manufacture thereof;"

(b) "Tires and tubes for use exclusively on the machinery enumerated in Customs Tariff Item 411a."

(c) Goods enumerated in customs tariff items 399a, 399b, 399c, 411a, 417, 431h, 439c, 848, 848a, and 848b.

8. That any enactment founded on paragraph 7 of this resolution provide that traction engines for farm purposes and accessories therefor (not including machines and tools for operation by such engines) and complete parts of all the foregoing, and materials to be used exclusively in the manufacture of the said engines, accessories or parts be exempt from sales tax.

9. That any enactment founded on paragraph 7 of this resolution provide that farm wagons, including four-wheeled farm wagons equipped to be tractor drawn and farm sleds, and materials to be used exclusively in the manufacture thereof be exempt from sales tax.

10. That the present exemption from sales tax for "Photographs, paintings, pastels, drawing and other art work and illustrations of all kinds, whether originals, copies or proofs, and printing plates made to reproduce the same, for use exclusively as non-advertising news pictures or for illustrating non-advertising articles or stories in periodical publications enjoying second-class mailing privileges,

the pages of which are regularly bound, wired, stitched or otherwise fastened together;" be changed to read "Typesetting and composition, metal plates, cylinders, matrices, film, art work, designs, photographs, rubber material, plastic material and paper material, when impressed with or displaying or carrying an image for reproduction by printing, made or imported by or sold to a manufacturer or producer for use exclusively in the manufacture or production of printed matter."

11. That feeds for fish, supplements for addition to such feeds, and materials to be used exclusively in the manufacture of such feeds or supplements be exempt from sales tax.

12. That the exemption from sales tax for materials for use in the equipment and repair of ships over ten tons net register tonnage be restricted to materials for use in the equipment and repair of ships to be used exclusively for commercial purposes.

13. That the present exemption from sales tax for "Bakers' cakes and pies including biscuits, cookies or other similar articles;" be changed to read "Bakers' cakes and pies including biscuits, cookies and similar articles but not including simulated chocolate bars or candy bars;"

14. That the export duty of three one hundredths of one cent per kilowatt hour on electrical power exported from Canada be repealed.

15. That any enactment founded on paragraphs 1 to 13 of this resolution be deemed to have come into force on June 14, 1963, and any enactment founded on paragraph 14 of this resolution be applicable in respect of electrical power exported after June, 1963.

16. That with respect to the period commencing June 14, 1963 and ending March 31, 1964, the rate of tax payable under Part VI of the said act in respect of any goods for which exemption from tax was withdrawn by any enactment founded on paragraphs 1 and 7 of this resolution be four per cent instead of eight per cent, and that with respect to the period commencing June 14, 1963 and ending December 31, 1964 the rate of tax payable under subsection (1) of section 10 of the Old Age Security Act in respect of any such goods be nil.

17. That the said measure further provide that

(a) where any tax under Part VI of the said act has become payable by any person in respect of any goods for which exemption for tax under that part was withdrawn by any enactment founded on paragraphs 1 and 7 of this resolution, which goods were, not later than December 31, 1964, sold and delivered by that person, or applied by that person to a use resulting in the property in the goods passing from that person, pursuant to a bona fide contract in writing

(i) that provided for the sale of those goods or their application to that use for a fixed amount stated in the contract and that did not permit the adding of the tax to the amount payable to that person under the contract, and

(ii) that was signed by the parties thereto

(A) on or before June 13, 1963, or

(B) after June 13, 1963, if the contract was entered into in accordance with the terms of a tender in writing submitted by that person on or before that day whereby that person undertook to enter into such a contract and in default of so doing to incur or cause to be incurred a pecuniary penalty whether by forfeiture of a security deposit a refund, or deduction from any of the taxes imposed by the said act, of the tax or such part thereof as could not under the contract be added to the amount payable to that person thereunder may be granted to that person; and

(b) where any goods for which exemption from tax under Part VI of the said act was withdrawn by any enactment founded on paragraphs 1 and 7 of this resolution were, after June 13, 1963 and not later than December 31, 1964, sold and delivered by any person, or applied by any person to a use resulting in the property in the goods passing from that person, pursuant to a bona fide contract in writing

(i) that provided for the sale of those goods or their application to that use for a fixed amount stated in the contract and that did not permit the adding of any tax under that part that became payable after June 13, 1963 in respect of those goods to the amount payable to that person under the contract, and

(ii) that was signed by the parties thereto

(A) on or before June 13, 1963, or

(B) after June 13, 1963, if the contract was entered into in accordance with the terms of a tender in writing submitted by that person on or before that day whereby that person undertook to enter into such a contract and in default of so doing to incur or cause to be incurred a pecuniary penalty whether by forfeiture of a security deposit or otherwise,

an amount equal to the tax or such part thereof as could not under the contract be added to the amount payable to that person thereunder may, where application therefor is made to the Minister of National Revenue by that person in such form as the minister prescribes within two years from the time the goods were delivered by that person or applied by him to that use, and the minister is satisfied that the tax has been paid, be paid by the minister to that person.

[Mr. Pearson.]

Mr. Diefenbaker: Mr. Chairman, my first words must be to thank the hon. member for Vegreville for giving me the opportunity to speak at this time in view of an appointment I have a little later. I repeat that I thank him most sincerely, and I know he will have an opportunity later this afternoon to deliver his speech, which I hope to be able to be present to hear.

This afternoon what I intend to do is review very briefly some of the events that have taken place since the budget was first introduced; in other words, in discussing this particular item to review the changes and alterations that have taken place from the time the budget was first introduced. It was introduced on June 13. The securities tax of 30 per cent was withdrawn on June 19. On July 8 the minister tabled revised budget resolutions withdrawing the sales tax on newspaper materials and schools, universities and similar educational institutions. In addition there were a variety of other changes including something that had never taken place before, the graduation of the 11 per cent tax divided over a period of time and extended in accordance with the resolution before the house.

In other words, Canadians found themselves in a position where they were being subjected to a form of staggered taxation. The changes that have been made in the budget, unparalleled in the past, show how little thought was given to the consequences and, indeed, how the course followed was one of experiment, trial and error. The result has been the bewilderment of the Canadian economy

because businessmen everywhere are in doubt as to what the changes of tomorrow will bring about. Indeed, in this catalogue of unsurpassed incompetence one can only be amazed that any government would introduce a budget with terms—I am referring particularly to the resolution we are dealing with—so absolute in their wrongness, so colossal in their ineptitude.

What has been the result? Waffling, retreat, confusion, great recantations. Today across the country there is the same fear that there was three or four weeks ago as to the uncertainty of this government and the perplexity of the course it has followed. The result has been detrimental to the economy. That has already shown up in the increase in unemployment; for businessmen across Canada, employers of workers, have no idea what the morrow will bring.

I wonder why we have this trifurcation of the tax with 4 per cent until March 31, 1964, 8 per cent thereafter until December 31, 1964, and 11 per cent from the beginning of 1965. No one can look into the future, but there are many who feel on the basis of what has happened here that actually a 4 per cent tax is going to be imposed, that there is going to be a change in the finance ministry and any subsequent minister will not be bound. The result would be that there would be a 4 per cent increase and no other. The expectation is that when the rumoured changes take place the government will thereby have retreated from its 11 per cent tax while pretending in the retreat that 11 per cent is still to be imposed.

Trial and error; that has been the record of this government not only in the budget but in other legislation to which, of course, I will not make allusion at this time, but everyone will recognize to what I am referring.

Second, in addition to the detriment to the economy the tax has brought about a frightful administrative mess. Ask the businessmen across Canada. Do they know what the morrow will bring? One of them was in touch with me. He relied on the fact that a tax of 11 per cent was going to be imposed and sent out a new catalogue with the 11 per cent sales tax included. Then a change was made. Now the catalogue is as useless as his old one. But he is not going ahead with another one until he finds out finally what further migrations and transmutations are going to take place in this tax.

What about refunds? That is the third point. I am going to deal with that a little later. Millions of dollars were collected between June 13 and the day of the first reformation. At one time I estimated the amount to be about $250,000 a day. I think that was an underestimate. When we asked, "What are you going to do about it" the answer of the Minister of National Revenue, and I shall deal with that, was, "We cannot become involved in relations between vendor and purchaser".

This system of taxation on building materials and production machinery is the most shortsighted action that any government could take if it had in contemplation the objective the minister has stated, namely the expansion of the economy. I listened to one hon. member yesterday who said that in his constituency there was widespread approval of what had been done, and of the courage of the Minister of Finance. Well, apparently things are different in that constituency from any of the others. This is not the case elsewhere. They are not saying elsewhere, "Great is Diana of the Ephesians." They are saying "What are you going to do about this? Can you not bring about changes? Is it not possible to secure further amendments?" The attitude this opposition has taken is that in its present expurgated form the budget should be withdrawn altogether. We should start over.

What have you got? Well, you have a few ribs which still remain, but the flesh is all gone. The alterations make the original unrecognizable. The Minister of Finance said today that the objective is to bring about an expansion in Canada. I was glad to notice the reformation on the part of the government with regard to the pegging of the dollar. A few minutes ago they said they were not going to change that. Do you remember what they once said, Mr. Chairman? One minister sitting over there made the statement that this pegging of the dollar was too much for the average Canadian to bear. Another said it was a sign of the greatest weakness, and that it represented the degradation of the Canadian economy. That which they condemned, they now embrace. Indeed, they would give us to understand that the paternity was theirs, although responsibility was ours.

I listened to the minister today answering questions. I have a great deal of admiration for the capacity he has for answering questions. The answer he gave a few minutes ago bore no relationship to the question. After all, you see, he anticipated what the question was going to be, so he had a general answer available on the subject of interest, and at the end of it he tacked on an answer to the question asked by the hon. member for Pontiac-Temiscamingue. The purpose is to expand the economy. I think the first thing the Prime Minister should do is to cut the Gordian knot and put an end to this budget in its present form. By that I do not mean the

removal of the Minister of Finance, because I do not know what we would do if we did not have him to blame for the mistakes that are being made for the government. He is not responsible directly for many of them, but he is now the involuntary recipient of criticism in every part of Canada.

What is our stand? Number one, we say the budget should be withdrawn. We realize that the government having backed up, receded and retreated will not be able to go that far. They will not be able to do that. But I still think they should give consideration, if they want the economy of Canada to expand, to the withdrawing of this tax on building materials and production machinery. If they do not do so, the events of the last few weeks indicate that a body blow was struck by the budget to economic expansion, the purpose for which the budget was established.

In so far as this budget is concerned, the longer it is being considered the more it is being criticized. It is a self emasculating instrument, detrimental to the Canadian economy. The purpose was to build, and the effect is to diminish. I ask, Mr. Chairman, who, in a desire to expand capital investment, ever taxed the investment itself? I am not going to go back on that in detail. This tax against capital investment is wrong in principle. The fact that it was wrong in principle was shown by the retreat. Does it become right because it is being applied in instalments?

Surely the statistics of the last few weeks should cause this government, even now, to stop to consider. They cannot hurt their reputation for retreats. It is impossible to do that. This would be an act of courage, for there is no courage in stubbornly adhering to a policy which in every part of Canada is recognized as deleterious to the expansion of our country. The sales tax, under the instalment plan, is not as severe at it was originally. However, the graduation of the tax compounds its inequality, to use an expression of the financial critic of the Montreal *Gazette*. It is a tax on jobs in every part of Canada.

What has been the effect on industry? In the month of June there was a falling off in building contract awards of almost 20 per cent, according to the statistics that are available. The government says it wants to make industry competitive in a world in which the challenge from other parts of the world becomes greater and greater. Do you make industry competitive by adding an extra cost on industry by taxation on machinery of about $100 million? The position of the opposition—and I summarize since I am not going into detail because the subject has been covered in detail by various members who have spoken—is that the objective is denied by the imposition of this tax. They used to speak about how bad things were in Canada. They shouted "Get the economy rolling." They have now got it on the way downhill; that is the easiest direction.

I repeat only in one particular what I said the other day. When we had an addition of 8 per cent to the gross national product last year, they said the economy should be set rolling. They spoke about indecision and inaction, but this year they predict an increase of only 5 per cent. They said we should expand construction expenditures across Canada. Last year they increased 5.2 per cent, but before the tax was imposed the estimate for this year was reduced to 4.5 per cent.

They said business capital expansion would be right around the corner if they got into office. It was 7 per cent last year, and according to the estimate it will be 5.5 per cent this year. They said "Let us expand exports." We found markets for our exports, but they said we were not expanding fast enough. The increase in exports last year was 7.8 per cent over the previous year, but this year the estimate is that it will be 5 per cent.

There were some corporations in the larger cities across Canada who said they could not give us support because they were not doing as well as they should. However, their corporation profits last year amounted to 11 per cent. This year the estimate is 6 per cent to 7 per cent, not because prices have gone up or down, but simply because of the fact that the economy is not rolling except in the one direction. That is why we ask the government to give leadership in this regard. That is why we suggest action be taken now before it is too late. It is all very well to have an objective, but when you see the objective is not being met it is the height of dangerous obstinacy to follow a course which the experience of only a few weeks has shown to be wrong.

When I take that stand, Mr. Chairman, remember that is the stand this party took from the beginning. On the night the budget was introduced I issued a statement and said it was a retrogressive budget and would interfere with expansion. When it came to a vote, the Conservative party voted solidly against the budget. They did not have any uncertainty about it; they knew it was bad. The Social Credit party talked eloquently against it but then swallowed their beliefs by voting for the budget which they now criticize.

Mr. Leboe: Let's be honest, John.

Mr. Diefenbaker: Let me say to my hon. friends that their conduct in the last few weeks has shown they have become a dilapidated annex of the Liberal party.

An hon. Member: Rubbish.

Mr. Diefenbaker: I know it is difficult. I know how you feel because you did not vote as you said.

Some hon. Members: Oh, oh.

Mr. Diefenbaker: Oh, yes, you did. If they voted as they said, then I do not understand the kind of arithmetic that causes a party to say it does not believe in these things and then vote for them. That is beyond me.

Mr. Pickersgill: On a point of order, Mr. Chairman, is there not a rule about reflecting on votes of the house, a rule of the house that the right hon. gentleman in his passion seems to have transgressed?

The Chairman: Order. I am sure that the right hon. Leader of the Opposition realizes the importance of abiding by that rule.

Mr. Diefenbaker: I was not commenting on a vote of the house in a way that transgresses the rule. So far as the hon. gentleman opposite is concerned, he is up all the time. The first time you are here you are impressed, as the cuckoo is heard in June but not regarded in July. Why is there this tremendous interest on his part in bringing before the house the impossible position in which the Social Credit party is? So far as the N.D.P. are concerned, they have strong views. They did not vote at all.

Mr. Chapdelaine: We voted with you last year.

Mr. Diefenbaker: I can only let them explain the reason for that peculiar, unusual and rather unexpected course.

Mr. Chapdelaine: We did not agree with you, but we voted with you last year.

Mr. Diefenbaker: The hon. gentleman says "We did not agree with you last year but we supported you." Does not that indicate a concept regarding the serious responsibility of individual members of parliament? I am glad to have that admission, and I welcome any further interruptions of the kind.

Mr. Chapdelaine: You liked it last year.

The Chairman: Order. May I suggest that we should have order in the committee.

Mr. Diefenbaker: I could not better like interruptions such as the hon. gentleman's contributions. I welcome them at any time, because he lets the cat out of the bag. He is just showing how consistent they are. Last year they did not like us and they voted for us; this year they did not like the budget and they voted for it. How can anyone call that inconsistency?

To return to my speech after this interesting interlude, I want to ask the government what is being done in connection with the very important matter of those refunds. On July 9 the Minister of National Revenue said:

> When refunds are made to the manufacturers, importers or others who have remitted the tax to the department, or where they have made deductions from the tax they would have had to pay and thus achieved the same result, it will, of course, be expected that they will pass on these benefits to those to whom they sold goods during this period.

It is natural that when one is in public life, one gets letters criticizing things, and businessmen across Canada are asking what is going to be done about this. It is the government that made the mistake. It imposed an 11 per cent tax and told business people, "Start collecting it tonight." The people of Canada relied on the government. The 11 per cent tax was collected, but what attitude did the government take then? As reported at page 1974 of *Hansard* of July 9, the hon. member for Wellington South asked this question:

> Mr. Speaker, I should like to direct my question to the Minister of National Revenue following the announcement just made by the Minister of Finance. Would the Minister of National Revenue advise the house as to the procedure an individual would follow to obtain a refund in excess of the 4 per cent rate, as announced last night?
>
> An hon. Member: Hire a lawyer.

The advice is good. You and I could not disagree with that, Mr. Chairman, but that is not very fair to the person who has been taken as a result of the changed attitude on the part of the government. Then the Minister of National Revenue said:

> Mr. Speaker, I am sure the hon. member who has asked the question will appreciate that as a federal government we cannot enter into the relationship between the vendor and the purchaser, but I did rather anticipate that a question along this line might be asked today and I would be happy to tell him this, if I have permission.

I had better read it all, because I do not want to delete any part of it. The minister went on to say:

> Last evening the Minister of Finance indicated that refunds would be made to those who during the period from June 14 to July 9 have actually remitted sales tax at the full rate on goods they had sold or imported that were previously exempt. When refunds are made to the manufacturers, importers or others who have remitted the tax to the department, or where they have made deductions from the tax they would have had to pay and thus achieved the same result, it will, of course, be expected that they will pass on these benefits to those to whom they sold goods during this period. In fact it is expected that these benefits will be passed along to the final purchaser. The extent to which this will happen will depend to a considerable degree on the legal and even the good will relations between the vendor and the purchaser.

That is quite inexcusable. There is no co-operation at all in that. They say, "You should be getting it". What happens to the man who bought lumber from the lumber yard in those days?

Mr. Garland: Mr. Chairman, could I ask the hon. member a question?

Mr. Diefenbaker: Yes.

Mr. Garland: To what part of my reply does he object?

Mr. Monteith: You pulled a boner.

Mr. Diefenbaker: I object to the utter effrontery of saying to the people of Canada who paid 11 per cent, "Try and get it back in the best way you can. We will not give you any assistance whatever, because this is a vendor and purchaser relationship, with which we cannot become involved". That is what I say. I know the difficulties, but I know how reasonable the minister is at all times and I ask him to see whether he cannot bring about some plan of regulations which will enable the original purchaser, the intermediary and finally the retailer, to receive the amount of the rebate, for unless there is assistance on the part of the federal government millions of dollars are going to be in the hands of those who collected them and there will be no place to hand them back.

Mr. Garland: Mr. Chairman, I know the former prime minister wants to be fair in this. Does he not fully appreciate the fact that the tax collected for the dates he has referred to is not even due until the end of this month?

Mr. Diefenbaker: Oh, now; it was collected day by day after the 13th day of June in every part of this country. They were directed to do so. I say, what is going to be done on the part of the federal government to help the various levels of purchasers to recover the amount of, I do not know how many millions but it certainly must be $7 million or $8 million on the basis of there being a reasonable degree of equality of purchase throughout the year.

I impress upon the minister to come down from that throne on which he seated himself in those remarks in the house and do something to bring about a fair degree of distribution of the excess that was extorted from the Canadian people, not because of any wrongdoing on the part of any of the wholesalers or the retailers but because of the ineptitude of this government, which acted before it thought.

Some hon. Members: Hear, hear.

[Mr. Diefenbaker.]

Mr. Diefenbaker: The hon. gentleman says, "Why, we do not have to worry about that until the end of this month". Let me read to him the representations of the Canadian construction association.

Mr. Garland: Mr. Chairman, as the Leader of the Opposition must know, I did not say that at all.

Mr. Diefenbaker: Well, Mr. Chairman, if I misunderstood the hon. gentleman, I would like to know what he did say. I give him an opportunity of clarification.

Mr. Garland: I will be delighted to explain it again. I said that the tax collected to which the right hon. gentleman is referring and which he says many of his fellow Canadians are misusing and making a windfall of—he has said this on other occasions also—actually is not payable by the parties concerned, to the federal government, until the end of this month.

Mr. Diefenbaker: Mr. Chairman, I say at once that I never did say they were going to be crooked about it. I said there was no assistance on the part of the federal government to arrange for the compensation in the appropriate manner of those who paid that tax; who because of the change that took place now find themselves having overpaid a matter of 7 per cent. Let that be clear.

Mr. Pickersgill: Mr. Chairman, would the right hon. gentleman permit a question? Could he explain to us how his government did it with respect to the surcharges?

Some hon. Members: Hear, hear.

Mr. Diefenbaker: Mr. Chairman, there is nothing as helpful as a beneficial interruption. The surcharges were imposed—

Some hon. Members: Oh, oh.

Mr. Diefenbaker: —applied, according to law—

Mr. Pickersgill: Applied by order in council.

Mr. Diefenbaker: —with the power given to the government to act. We acted accordingly. Now you are going to try and play a game of pretending that we illegally extorted it, in order to prove the one thing you said during the campaign about which you know nothing and the criticism of which was completely unjustified. You gave us the power long before we came into office, and we exercised that power. You had to find some excuse, and you are going to introduce some formal legislation to legalize what was legal, in order to justify the partisan way in which you conducted your criticism.

Some hon. Members: Hear, hear.

Mr. Pickersgill: Perhaps the right hon. gentleman, having dodged my question, will now come back and answer it. It was, how did you arrange for the refunds in those cases?

Mr. Diefenbaker: That has no application at all.

Some hon. Members: Oh, oh.

Mr. Diefenbaker: Mr. Chairman, I venture the opinion that the puppet chorus over there never even read the order in council or knows anything about it. I simply say that the question has no application at all and it is quite in keeping with some of the questions the hon. gentleman raises from time to time.

Some hon. Members: Answer the question.

Mr. Diefenbaker: They will do anything to get away from facing a situation. The answer given by the minister was, "It is not collectible by us until the end of the month".

Some hon. Members: Answer the question.

Mr. Diefenbaker: Let me read what the Canadian construction association says. This brief was written on July 18 and is headed, "Re: Revised budget resolutions". This has not anything to do with the original resolutions; this applies to the revised version. We are wondering whether it is going to be the authorized one too; whether it is going to be final. The Canadian construction association says:

> Whereas the imposition of the tax by stages announced by you on July 8 . . . a most welcome development, the fact remains that the Department of National Revenue has been unable to issue sufficient rulings as to the application or administration of the 4 per cent sales tax or to establish practicable refund procedures so that the construction industry has any degree of firm guidance on current projects or those now out to tender.

In other words, the Department of National Revenue, the minister, has failed; that is what they say. He joins the Minister of Finance in the failure. He just brings up the rear, as it were; he takes whatever is left over. But the fact remains that it is he who is criticized. Then it says:

> This is not meant to be an adverse criticism of federal taxation officials; they are literally so swamped with questions and requests for rulings and the problems of setting up the new procedures that the new sales tax policy necessitates that it will inevitably be months before the present turmoil, confusion and inability to get decisions being experienced within our industry can reasonably be expected to be overcome.

Listen to these words. I could not possibly equal the strength of the attack of the construction industry in these words, "confusion, turmoil, inability to get decisions". These be the magic workers who, a few short months ago, told us to just sit there and watch things go. Then it goes on:

> These words—

They are the words "turmoil, confusion and inability to get decisions being experienced within our industries"—

> —describing conditions in the industry were not selected lightly. A good many tender calls and contract awards are being held up.

What I rise to ask for, in connection with that, is that the government let us know what is going to be done. Let them raise the curtain of secrecy in connection with the regulations. What has been done towards drafting them? What are the general conditions to be followed? I made it perfectly clear when I raised the matter in question form some weeks ago, that there was leadership needed on the part of the government to protect Canadians from the mistakes of the government, from its lack of decision, from its vacillating stands, and from the regular alteration of various sections of the budget.

I go on, Mr. Chairman, to deal with the lumber industry. I mention the lumber industry because it has been seriously affected, and I refer to the *Canadian Weekly* highlights in which the following appeared with regard to British Columbia. It deals first of all with the expansion of foreign trade and says:

> Total foreign trade in the first five months of 1963 reached a new high of $5.1 billion. These results are very encouraging and the Canadian dollar discount has been a most favourable factor. Further improvement appears in prospect over the balance of the year.
>
> Lumber shipments: British Columbia saw mills shipped 1,968 million board foot of lumber in the first four months of 1963, an increase of 7.1 per cent over . . . the like 1962 period . . .
>
> The gain to date is impressive but is not expected to continue at this rate in view of the new tax on building materials, recently reduced from 11 per cent to 4 per cent.

That is British Columbia.

With regard to the maritimes, the maritime lumber bureau said this as of July 17:

> Marketing of lumber, in comparison to other materials, is recognized as a highly specialized operation. Because of its versatility in use, it is marketed in different sizes—

And so on. And it goes on to say this:

> In the Atlantic provinces, particularly, there are a thousand saw mills alone, besides dressing mills and woodworking shops in almost every village.
>
> As the tax is set up, with all its complicated applications and exemptions at each level of lumber's manufacture and processing, it becomes quite evident to the lumber industry that it is impracticable and unworkable—

That is the considered opinion of the maritime lumber bureau, a completely non-partisan body, and it must soon be apparent to

the department that net returns to the government will not warrant the expense of administration. This report goes on:

> We believe that lumber associations across Canada will have to continue to move against this tax for sheer survival.

That is how serious is the situation, but the only answer I get from the other side of the chamber is jeers when I suggest that even yet the sales tax on building materials should not only be abrogated but abolished. The report concludes:

> Certainly the maritime lumber bureau in the interests of the Atlantic provinces must continue the battle until this most injurious and unacceptable load on the industry is removed.

Then it sets out the great difficulties in a previous report dated July 12, which I will not read because the minister has a copy.

He mentioned yesterday that he had received a host—I take it of favourable letters, but I should like him to lay them on the table of the house because they will earn a distinction which no other letter has. Favourable comment has not been our experience on this side of the house, and it has not been the experience of Liberal private members. Those representations are before the government, and I do no more than reiterate them. If they place this $100 million tax on the machinery of production, what happens to the competitive power and the ability of Canadian industry which, in order to improve its position, makes the necessary changes in the machinery it has? I sometimes wonder who it was who concocted all this. Certainly from June 13 to the present day I have never seen in the country the same resentment and attitude of mind without regard for party considerations. In every walk of life it is felt that what is being done strikes at the heart blood of this nation, industrially. We also have a responsibility from the point of view of trade and expansion strongly to oppose this tax. We intend not only to talk against it but to vote against it. We also intend to move certain amendments so far as this tax is concerned. When we have the opportunity on third reading we are going to give those members supporting the government an opportunity to vote in favour of legislation which will have a tremendous effect, as it already has, on Canada's economy. It is recognized that they have already monkeyed with the tax, reducing it from 11 per cent to 4 per cent, restoring the other 7 per cent in instalments. In the interests of Canada, in the interests of industry, and in the interests of keeping the economy rolling as well as it was under the government to which I belonged, I again ask the government to take one further look at this tax and remove it from the list of resolutions.

[Mr. Diefenbaker.]

Mr. Gordon: Mr. Chairman, the right hon. Leader of the Opposition, in his quiet and tolerant speech, demonstrated once again it seems—at any rate it seems to me—that his well known talents for histrionics are greater than his understanding of statistics and economics.

I do not propose to make a long speech because I have already discussed the purposes of this resolution when presenting it to the committee. However, there were one or two things the Leader of the Opposition said which, it seems to me, were inaccurate. I am sure he did not mean to be inaccurate, but it seems to me they should be corrected. The first thing that needs to be corrected is his suggestion—I am not sure whether I have taken down his words exactly, but this is the general sense of what he said—that fear is spreading all across this country because of the course this government has taken and because, he said, there was some increase in unemployment last month. With the greatest respect to the right hon. gentleman I would suggest that that is a greatly exaggerated statement. I might add that after last week end quite a lot of relief is spreading across this country because of something which was avoided in certain discussions.

The Leader of the Opposition at another point made the suggestion that millions of dollars had been collected between June 13 and July 8 in taxes which should never have been collected. This is another point at which I suggest correction is desirable so that everyone may know what the actual facts are. As my colleague, the Minister of National Revenue, has pointed out, taxes under the Excise Tax Act for the month of June do not become payable until the end of July, so I cannot see where all these millions of dollars could have come from.

Mr. Churchill: Extra charges to the purchaser.

Mr. Gordon: The hon. member for Winnipeg South Centre—I sometimes mix him up with another hon. member for Winnipeg and I apologize to them both for doing so—says he is talking about charges to the purchaser. I do not know if it is fully realized that most lumber dealers sell their products on the basis of a 2 per cent discount for 30 days and I doubt very much if many of them changed their prices in the meantime. But if they did—and some of them did—I would expect that most of them have done their very best to refund the difference. I might recall, too, that it was only about a year ago that a surcharge order was introduced. No provision was made for refunds at that time and, believe me, everybody in this country got stuck for that one.

Not only that, when the surcharge order was taken off in the course of the election campaign—

Mr. Diefenbaker: The last day of the fiscal year.

Mr. Gordon: I do not recall any refund being offered on that occasion.

Mr. Winkler: Why would there be?

An hon. Member: It was an illegal tax.

Mr. Churchill: You will never get this resolution through.

Mr. Gordon: Who started this?

Mr. Churchill: The Secretary of State started it.

Mr. Gordon: I just want to make one other point. I am only replying to one or two of the statements which were made by the Leader of the Opposition. I am sure that if they are not completely accurate he would wish them to be corrected.

Mr. Starr: By whom?

Mr. Gordon: Preferably by himself.

Mr. Starr: You are doing it, or trying to, and you should be the last to correct anybody.

Mr. Diefenbaker: There have not been any corrections so far.

Mr. Gordon: Some reference was made to a statement that building contracts had fallen off by 20 per cent since the budget. I suspect this had some reference to an article which appeared in a Montreal newspaper on July 17. It refers to *Maclean's* building reports which said construction contract awards were down by 21.2 per cent in June, 1963, as compared with June, 1962. It should be pointed out that contract awards in May, 1963, were up by 30 per cent over the figures for May, 1962. This was due to the inclusion of one or two large items in that month.

An hon. Member: Before your budget.

Mr. Gordon: That is right. I hope the hon. member will bear with me. This underlines the wide swings which can take place in construction contract awards over a short period and emphasizes that a comparison on a monthly basis can be misleading as an indication of the basic trends in the construction industry.

I would also point out that the *Maclean's* building report for June covers the period from mid-May until mid-June. It does not cover the month of June. It is for the period from the middle of one month until the middle of the next.

Mr. Diefenbaker: That is not what John Meyer says.

Mr. Gordon: Perhaps it is not what John Meyer, or whoever the hon. gentleman mentioned, says, but it happens to be a fact. I would like to point out that this period from mid-May to mid-June contains only one or two days of the period after the budget was introduced so I think the inference that the budget may have had something to do with this particular fluctuation in this particular series of statistics could be misleading, if it were not explained in just this way.

Mr. Diefenbaker: Does the hon. gentleman not think that the financial editor of the *Gazette* had available to him the information upon which his statement was made on July 17?

Mr. Gordon: Well, I was a little surprised to read the article in question, and when I had read it I went to the source. The source, it seems to me, was the one I have given.

Mr. Diefenbaker: Did the writer mention the source in his article?

Mr. Gordon: If he did not do so, perhaps he should have. I do not know. There are no other figures covering the calendar month of June so I presume these are the only figures which were available. I simply say it is my information that there are no other statistics relating to construction starts, so I assume he was referring to those referred to.

An hon. Member: Five o'clock.

The Chairman: It being five o'clock it is my duty to leave the chair so that the house may proceed to the consideration of private members' business.

Mr. Deputy Speaker: Order. It being five o'clock the house will now proceed to the consideration of private members' business as listed on today's order paper, pursuant to special order made July 10, namely, private bills, public bills.

PRIVATE BILLS

Mr. Deputy Speaker: As there are two private bills for consideration in committee of the whole, is it agreed that in accordance with section 1 of standing order 54 they be referred to committee of the whole in one motion?

Some hon. Members: Agreed.

CONSIDERED IN COMMITTEE—THIRD READINGS

Bill S-25, respecting the board of trade of metropolitan Toronto.—Mr. Wahn.

Bill S-27, to incorporate Kinross Mortgage Corporation.—Mr. Francis.

Private Bills

SOVEREIGN LIFE ASSURANCE COMPANY OF CANADA

Mrs. Margaret Konantz (Winnipeg South) moved the second reading of Bill No. S-29, respecting the Sovereign Life Assurance Company of Canada.

She said: Mr. Speaker, this bill was passed in the Senate on July 11. It is a very simple bill in that its purpose is to add a French version to the name of the Sovereign Life Assurance Company of Canada. This is a medium-size life insurance company whose headquarters are in Winnipeg. It does business throughout Canada except in the maritimes, with a substantial amount in Quebec. Of the 9,331 shareholders, 8,319 are Canadians holding four fifths of the company's stock. There are 813 American shareholders and 199 other foreign shareholders. I should like to think that hon. members will accept second reading of this bill and allow it to go to the committee on banking and commerce where counsel for the company will be able to answer any questions on its business transactions.

Motion agreed to, bill read the second time and referred to the standing committee on banking and commerce.

GOOD NEWS BROADCASTING ASSOCIATION OF CANADA

On the order:

Private bills—Consideration of Bill S-15, an act to incorporate the Good News Broadcasting Association of Canada.—Mr. Enns.

Mr. G. H. Aiken (Parry Sound-Muskoka): Mr. Speaker, in connection with this bill I am asking on behalf of the sponsor, and with the agreement of those opposite, that this item stand on the order paper until after the summer adjournment. This is with the consent of the government.

Mr. Deputy Speaker: Is it agreed?

Some hon. Members: Agreed.

Order stands.

MARGARET CATHERINE SMITH

On the order:

Private bills—Second reading of Bill SD-1, an act for the relief of Margaret Catherine Smith.—Mr. Wahn.

Mr. G. H. Aiken (Parry Sound-Muskoka): Mr. Speaker, on behalf of the sponsor of Bills SD-1 to SD-50 and as vice-chairman of the committee of which he is chairman I would ask for an order that Bills SD-1 to SD-50 be considered together.

Mr. Deputy Speaker: Is it agreed?

Some hon. Members: Agreed.

[Mr. Deputy Speaker.]

SECOND READINGS—SENATE BILLS

Bill SD-1, for the relief of Margaret Catherine Smith.—Mr. Wahn.

Bill SD-2, for the relief of Gladys Noreen Monette.—Mr. Wahn.

Bill SD-3, for the relief of Joseph Leo Gerard Bougie.—Mr. Wahn.

Bill SD-4, for the relief of Nicholas Cimbru Chambers.—Mr. Wahn.

Bill SD-5, for the relief of Madeleine Francoise Hankowski.—Mr. Wahn.

Bill SD-6, for the relief of Suzanne Chasse.—Mr. Wahn.

Bill SD-7, for the relief of Esther Wertheimer.—Mr. Wahn.

Bill SD-8, for the relief of Lygery Varverikos.—Mr. Wahn.

Bill SD-9, for the relief of Frank Hamilton Mingie, junior.—Mr. Wahn.

Bill SD-10, for the relief of Rosemary Beatrice Clare.—Mr. Wahn.

Bill SD-11, for the relief of Marie-Paule Jacqueline Lorette Champagne.—Mr. Wahn.

Bill SD-12, for the relief of Klara Brody.—Mr. Wahn.

Bill SD-13, for the relief of Bernice Bordensky.—Mr. Wahn.

Bill SD-14, for the relief of Jacqueline Belanger.—Mr. Wahn.

Bill SD-15, for the relief of Christina Aube.—Mr. Wahn.

Bill SD-16, for the relief of Brigitte Dophide.—Mr. Wahn.

Bill SD-17, for the relief of Anita Margaret d'Esterre.—Mr. Wahn.

Bill SD-18, for the relief of Gladys Jean Desjardins.—Mr. Wahn.

Bill SD-19, for the relief of Sylvia Dankner.—Mr. Wahn.

Bill SD-20, for the relief of Florence Patricia Da Silva.—Mr. Wahn.

Bill SD-21, for the relief of Judith MacBeth Cuggy.—Mr. Wahn.

Bill SD-22, for the relief of Guiseppe de Cristoforo.—Mr. Wahn.

Bill SD-23, for the relief of Beverley Hayden Crerar.—Mr. Wahn.

Bill SD-24, for the relief of Paulyne Leblanc.—Mr. Wahn.

Bill SD-25, for the relief of Gabriela Kiwitt.—Mr. Wahn.

Bill SD-26, for the relief of Dorothea Margaret Kay.—Mr. Wahn.

Bill SD-27, for the relief of Wilma Karls.—Mr. Wahn.

Bill SD-28, for the relief of Felix Hollinger.—Mr. Wahn.

Bill SD-29, for the relief of Abie Herscovitch, otherwise known as Allan Herscovitch.—Mr. Wahn.

Bill SD-30, for the relief of Doris Sibyl Jane Hassall.—Mr. Wahn.

Bill SD-31, for the relief of Ezreh Harry Herscovitch.—Mr. Wahn.

Bill SD-32, for the relief of Robert Fleischer. —Mr. Wahn.

Bill SD-33, for the relief of William Rankin Edmondson.—Mr. Wahn.

Bill SD-34, for the relief of Leonard Emond. —Mr. Wahn.

Bill SD-35, for the relief of Dorothy Irene Marjorie Adams.—Mr. Wahn.

Bill SD-36, for the relief of Zbigniew Stanislaw Janicki.—Mr. Wahn.

Bill SD-37, for the relief of Harry Hyman. —Mr. Wahn.

Bill SD-38, for the relief of Nadia-Anne Hruszij.—Mr. Wahn.

Bill SD-39, for the relief of Christine Johnson.—Mr. Wahn.

Bill SD-40, for the relief of Arlene June Kaczur.—Mr. Wahn.

Bill SD-41, for the relief of Mary Teresa Hough.—Mr. Wahn.

Bill SD-42, for the relief of Bernard Hebert. —Mr. Wahn.

Bill SD-43, for the relief of Catherine Harper.—Mr. Wahn.

Bill SD-44, for the relief of Wilhelmina Grundy.—Mr. Wahn.

Bill SD-45, for the relief of Edith Diane Greenberg.—Mr. Wahn.

Bill SD-46, for the relief of Catherine Mildred Gray.—Mr. Wahn.

Bill SD-47, for the relief of Nancy Ruth Grabina.—Mr. Wahn.

Bill SD-48, for the relief of Lucille Goresky. —Mr. Wahn.

Bill SD-49, for the relief of Constance Valerie Laurie.—Mr. Wahn.

Bill SD-50, for the relief of Ellen Chase McKellar.—Mr. Wahn.

ALLSTATE LIFE INSURANCE COMPANY OF CANADA

The house resumed from Thursday, July 18, consideration of the motion of Mr. Ryan for the second reading of Bill No. S-28, to incorporate Allstate Life Insurance Company of Canada.

(Translation):

Mr. Guy Marcoux (Quebec-Montmorency): Mr. Speaker, last week when it was brought before the house, we heard this bill being opposed by some hon. members, including the hon. member for Lapointe (Mr. Gregoire). The latter raised several objections which, I feel, should be questioned if we are to entertain good relations with the various countries which do business with Canada.

Surely, we are obliged to accept the fact that foreign capital, especially from the United States, should further Canada's economic development. It is to be regretted that the Social Credit doctrine is not yet in force, for that is why we have to use foreign capital if the affairs of our country are to run smoothly. However, the fact should have been emphasized, during the discussion of this bill, that Canadians should adopt a positive attitude, not a negative one, as regards those who wish to settle here in Canada. Canadians themselves should be proud to be Canadians and should encourage Canadian companies to make their investments work for Canada and not for foreign countries.

In my opinion, it is unthinkable that Canadians should adopt legislation to prevent other companies from settling in Canada, especially when we know very well that a foreign company can sell insurance in Canada without being incorporated. Of course, that makes things harder, but nothing prevents Canadian citizens from taking insurance policies with American companies, even if they do not have offices in Canada. That Simpsons-Sears is affiliated with Sears-Roebuck, that it is to a large extent controlled by American citizens, those are facts that we must deplore as Canadians but, in my opinion, companies that have decided to invest in our country should not be penalized.

Counter insurance sale was mentioned. Well, that is an economical way to sell insurance and nothing prevents Canadians from doing the same.

Instead of always approaching the problem in a negative way, again I am of the opinion that we should stimulate the pride of the Canadian citizen and urge him to buy his insurance at home, from a Canadian company, which will enable him at the same time to invest in his own country.

The hon. member for Lapointe said last Thursday that insurance companies represent one of the largest pools of savings that can be used for the economic development of a nation. That is true and I think that the legislation could perhaps favour a little more the economic development of Canada if, for instance, the government decided to re-

quire of foreign companies that profits made in Canada should be re-invested in our country, in Canadian industries. That would be a much more positive action, more in favour of Canada than action directed against foreign countries or against foreigners who wish to invest in Canada.

Mr. Speaker, that is why I feel that we cannot oppose the passage of this legislation.

But since we are on second reading, we can express our views about the principle governing all those American corporations who come to do business in Canada.

And what is most amazing is the fact that one day we are complaining that there is too much American capital in Canada and the next we complain that the U.S. government wants to prevent American citizens from investing in our country. Therefore we are wondering whether we are not actually simply arguing negatively against all and any motion introduced. Despite all our qualms about incorporating the Allstate Company in Canada, I believe that in all fairness and sincerity, it is most difficult to oppose the measure, since the corporation must follow rules established by the Canadian government.

However, I hope that the Canadian government will in the future accept its responsibilities and insert both in the insurance companies act and the act regarding companies intending to invest in Canada a clause to prevent the management of foreign corporations investing in Canada to return home with the profits they have made on the premiums and interests paid by Canadian citizens.

Mr. Speaker, those were the few remarks that I wanted to make, even though several parts of the speech of the hon. member for Lapointe (Mr. Gregoire) could be taken up. Besides, I feel that we should always take positive action so as to favour Canadian citizens, instead of taking a negative position which would prevent people from other countries from investing money in Canada, especially when we realize that they have to comply with the regulations established by the Canadian government.

(Text):

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, wonders never cease. In this end of the chamber, you are witnessing the early effects of the ferments of biculturalism, bilinguism and bipartisanship so far as this private bill is concerned. We witness it in our mutual position on this bill. At least we have found one point on which we can stand together so far as the members of this group are concerned, and the members of the Social Credit party. It is nice to know that we have at least agreed this one time because we differ in many other respects.

I was interested to note the almost apologetic approach of the sponsor of the bill when he was introducing it. He was embarassingly apologetic in pointing out to the members of the house the deficiencies in this legislation, which he readily admitted, and in the ownership of this company. We have, in principle, serious objection to the bill. I am very pleased to note that some of our good friends opposite are listening intently to what we have to say in this corner of the house.

First of all, I was struck with the admission of the sponsor that 87.5 per cent of the shares of this company are owned in the United States.

I would almost think it would make any Canadian member of parliament blush to introduce such a bill. This means complete control of the company in the United States; and to talk about the balance of the shares being owned in Canada is simply nonsense. It is just a token; it means nothing at all in reality. For all we know the percentage of shares owned in Canada may be signed over to people in the United States. This may be just a façade or front, and I have seen this sort of thing happen before.

This is not a company that is being incorporated under the usual excuse for using United States capital. They are not going to build a plant to go into manufacturing and provide employment. There is some argument for using United States capital to develop our natural resources, because there are some side or beneficial effects to that sort of development. But this United States company will simply duplicate services that are presently provided to better advantage by numerous other companies in Canada.

This is simply to provide the opportunity to mobilize Canadian savings to the advantage of the company. There is a very big difference between an insurance company and a company interested in production.

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

Mr. Herridge: Yes.

Mr. Ryan: Does the hon. member realize that the superintendent of insurance for Canada has recommended this bill?

Mr. Herridge: Mr. Speaker, I am not one who, throughout the years, has accepted the decisions of the superintendent of insurance as always being for the welfare of the Canadian people. We are more inclined to accept the opinions of the Canadian people themselves on these questions, rather than the opinions of those who have to perform their duties according to laws which we are trying to change.

As I said before, the only function of this United States controlled insurance company is to mobilize Canadian savings as a result of selling insurance. This is a duplication of services being performed by other companies which have a much larger Canadian content in their ownership.

On this occasion members of both this party and the Social Credit party are in agreement that it is about time Canadians began to realize they can provide this type of service themselves. It is something that can be done by Canadians. We have the capital available. There is no lack of capital in Canada. There is something like $1,400 million in personal savings accounts in the banks, in addition to savings in other countries and reserves in various places, but there is no attempt being made by the government to mobilize these savings and direct their investment into socially desirable channels.

This would be a socially desirable channel in which Canadian funds could be invested.

Mr. Ryan: Would the hon. member permit another question?

Mr. Herridge: Love it.

Mr. Ryan: Does the hon. member know that as much business is done in life insurance by Canadian companies outside Canada as is done in Canada by the British, American and all other foreign companies? They just about balance, and this gain of 12½ per cent to the country would help the Canadian balance. I am not blushing or apologizing for anything.

Mr. Herridge: This is not a valid argument. It is like those persons who say there is a larger content of Canadian investment in the United States than there is in Canada, in certain instances, but you have to take the relative populations before comparing these figures.

Mr. Ryan: Then we are ahead.

Mr. Herridge: I am glad that for the first time in my 18 years in this house I have the co-operation of members of the Social Credit party, by promptings from the rear. I appreciate and welcome them.

Insurance is simply the application of the law of averages for the benefit of many, as a result of co-operation, organization and so on. We believe this particular type of company provides a splendid opportunity for such co-operative action on the part of private investors in Canada. From our point of view it also provides a splendid opportunity for government action in respect to insurance, the lead having been taken so successfully in automobile insurance by the government of Saskatchewan.

It also provides a splendid opportunity for credit unions to invest their funds. I have often wondered why we did not mobilize some of their funds and use them for the development of Canada through an insurance company such as this. If that were done we would not have hon. members sponsoring bills like this with, I presume, certain reluctance, embarrassment and stifling of conscience.

Mr. M. J. Moreau (York-Scarborough): Mr. Speaker, I would like to speak very briefly on this bill, and although I am in complete agreement with the remarks made by the hon. member for Kootenay West (Mr. Herridge) in his objection to the bill, I think he presented his views very much as a party argument. When this bill comes to a vote he will find there was no party unanimity on this side as to the desirability of having an 87 per cent foreign owned insurance company incorporated in Canada.

Mr. Herridge: We welcome allies.

Mr. Moreau: Speaking only for myself I feel some objection to the bill but I do not criticize the hon. member for Spadina (Mr. Ryan) for introducing it. This company, like any other, has a right to apply for a charter of incorporation, but I do not propose to vote for it.

I do not agree with the idea that the Saskatchewan plan is the end all of all plans.

Mr. Herridge: It is the beginning of all plans, not the end.

Mr. Moreau: We have a number of Canadian companies operating in this field at present and, by and large, they are doing a pretty good job. In fact the competition seems to be quite active, and sometimes I wonder if it is not a little severe, considering the number of insurance agents who call on us. On that account I propose to vote against the bill, and I would point out to hon. members opposite that we on this side do not all share the view that they have been crediting to us. I think there are some other hon. members on this side who do not agree with the bill, and will vote against it.

(Translation):

Mr. Marcel Lessard (Lake St. John): Mr. Speaker, last week when the motion for second reading was before the house, our party objected through our colleague, the hon. member for Lapointe (Mr. Gregoire) who stated at one time that we would block this bill.

We do not wish this bill to be passed for several reasons. Up to now, several members spoke on the bill and I am quite aware that there were some repetitions. Moreover, I would like to comment on what the hon. member for Spadina (Mr. Ryan) said last Thursday, when introducing the bill in the house.

For example, he said, among other things, that the Allstate Company was selling fire insurance, accident insurance and health insurance. He also added that another company also called Allstate was dealing in life insurance. And now, there would be another company bearing the name of Allstate and which would also solely deal in life insurance.

I wonder what is the purpose of this application for incorporating a corporation which will keep the same name as the two above-mentioned and which will sell exclusively life insurance.

I know that the hon. member will say that this Allstate Company which deals at present in life insurance is an American company and that its directors want to set up a Canadian corporation which will take the name of Allstate Life Insurance Company and will restrict its operations to life insurance, accident insurance and health insurance.

I should like to point out, Mr. Speaker, as many others have already done, that if the present Liberal government expects to meet part of the problems facing our country by establishing a planned economy, I feel that it will have to extend its planning to the field of insurance. Some might say that this is going a little too far. May I point out, Mr. Speaker, that I have been engaged for a good many years in the implementation of a planning system, and that I am consequently well aware of the implications of such a system. If the government intends to give us a planned or directed economy, the necessary measures must be taken to attain that goal.

I feel that various factors in the insurance field will have to be considered by the government, if it is really concerned about this country's economy.

[Mr. Moreau.]

Insurance has, at all times, been recognized as a source of capital funds, a sort of well into which flow the country's savings, and from which one can draw investment funds.

Mr. Speaker, hundreds, not to say thousands of insurance companies are found today in Canada. They spread over a wide range of activities, and offer a vast gamut of protection systems. But now we are asked to accept a newcomer. To make matters worse, its ownership would be 87.5 per cent American.

As far as I am concerned, I hold that the relative proportion of the Canadian ownership must be a little more than 12½ per cent, as this percentage is rather small.

If the government has seen fit now to levy a tax upon the dividends of corporations the owners of which hold bonds within a proportion of 25 per cent, well, I wonder what will happen if we are to allow companies with a Canadian ownership of only 12½ per cent to be incorporated in Canada. It seems to me that such a course has been followed too long already and I believe that an awakening is taking place at present.

Our group, with the support of some others, does not intend to set up methodical obstruction to every project, but this is a particular one which we intend to oppose as it establishes a principle. We do not oppose particularly the Allstate company but the principle of the bill which is before us.

The hon. member for Spadina told us that the Allstate Company was doing business in Canada, that it had 700 employees, that it expected to increase its staff to more than 1,000 and that more than 150,000 Canadians were insured with this company.

All this is very nice, Mr. Speaker, but I do not think that it is the right way to improve our economic position. Too many Canadians are insured with American companies whose profits go to the United States. I am of the opinion that we must prevent this great amount of Canadian capital from crossing the border.

We were told that this company rendered great service since they were selling over the counter. Our friend from Lapointe (Mr. Gregoire) brought precisely to our attention that point concerning the notorious sales over the counter and we realize today the problems experienced by the people who used that means of protection.

Mr. Speaker, in fact, by talking against that bill, we do not want to criticize the hon.

member who introduced it in the house, far from it. He was asked to present this bill and he duly did so. There is no question of objecting to what he did personally. However, the basic principle of this bill must be considered and our group, for one, intends to discuss the purpose of the measure and even to oppose it. We must object to it unless we are given really acceptable reasons and assured that this company will soon become a true Canadian firm, whose profits will remain in Canada. Well, that is not something which the hon. member for Spadina is in a position to confirm at the present time, and I am not holding that against him. In fact, if that company belongs to Roebuck, an American firm, I do not think it will ever become Canadian.

In Canada, we want to become a little more independent; we are not anti-American, we do not want to wage an economic war against our neighbours to the south. But I feel that at this time we have to acknowledge this awakening, and I do regret that such a fact is not recognized by all the parties represented here. That awakening is a must, at the present time, if we wish to keep our capital in Canada. I would even go so far as to say that we have to create our own capital in this country.

This is not a new problem. But it is getting more and more obvious and the hon. members opposite as well as those of the official opposition must face it.

Our country has been confronted with a financial dilemma for a number of years and the future is not very reassuring. Moreover, last week we found that the United States administration is also confronted with a financial dilemma. Its intention is to establish surcharges in order to stop the flow of capital outside its own borders.

Then, on the basis of those facts, we must, as Canadians, take the necessary steps to avoid the increasing outflow of our own capital.

We could say that, after all, Canadians are responsible because they chose themselves to buy insurance from that company. It could even be said that we have no free enterprise. True, people must be allowed to act as they please but the theory of free enterprise is not the equivalent of a free-for-all.

I appreciate that we live in a free country at present. It still remains, however, that there are traffic lights in the streets and even though they restrict my freedom, I am not allowed to ignore them. The restriction in that case is for my own good.

It is the same thing here. The freedom of certain people is restricted in the better interests of all Canadians.

I know this is only one of thousands of insurance companies but it is our duty to plug the gaps one after the other so as to be able, one day, to solve the over all problem.

Mr. Speaker, that is why I suggest to the hon. member for Spadina to withdraw this measure since, after all, it is not going to serve Canadians or the country as a whole. It would be another matter if the company which is represented here by the hon. member—

(Text):

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

Mr. Lessard (Lake St. John): Yes.

Mr. Ryan: I can understand the hon. member's concern when considering this matter and probably not knowing all the history or the facts about it, and I certainly cannot hope to give them all to hon. members. This bill was considered in the other place and in committee, and there is about a 10-page report on it. I may be giving the wrong impression but—

The Acting Speaker (Mr. Batten): Order. The hon. gentleman is now making a second speech on second reading when he asked permission to ask a question. Will he come to his question.

Mr. Ryan: I am sorry, Mr. Speaker. Would the hon. gentleman consider letting this bill go to the standing committee of the house on banking and commerce, where witnesses can be cross-examined, the whole thing thrashed out and a proper determination made by the members of the committee who would have all the facts before them? It might still be thrown out or passed at that time.

Mr. Lessard (Lake St. John): I am not a member of the committee on banking and commerce. If I attended the committee I would not be allowed to ask any questions, so I think I might settle that matter right now. I would ask, what is this company going to consist of? Will it be a truly Canadian company and not just 12½ per cent Canadian? I can imagine these fellows who put their

names to their bill intend to move to obtain this result. If I may be allowed to speak a little longer, I will continue in French and explain why we object to the bill going to the committee on banking and commerce.

(Translation):

Mr. Speaker, when he asks us that this bill be referred to the banking and commerce committee, where officials of this company could be heard, I realize that the hon. member is only doing his duty. His request is a reasonable one. However, I have always noticed that when such measures are referred to the banking and commerce committee, only a few members have the opportunity to defend their views, and they are submerged in the group which is in favour of the measure under consideration. The same applies to similar bills. We shall certainly not win our cause. And even if the proposed amendments are rejected in this house—for they must be accepted by the house—this will not change anything since, in the last analysis, we intend to vote against the bill, especially as far as its principle is concerned.

If the hon. member can vouch that the company will have a Canadian content of at least 51 per cent—I should like to see it 100 per cent Canadian, but I am prepared to go half way—then, the bill can be redrawn, brought before the house once again, and we would probably let the bill pass because the legislation would be profitable for all Canadians.

There is another reason for us to object to the bill now before us and it is the principle behind it.

We notice that more and more private bills of that kind are put on the order paper of the house. We had a host of them last year and it is the same this year. We notice that those companies now wish to go French, that is they want a French name besides the English name they already have. We welcome this situation but actually, I say there is a little too much traffic. I think there is a little too much ground covered in that field.

To come back to what I was saying a while ago concerning the direction our country should take, I think that if we want to attain the objective aimed at by the group I belong to, we should see to it that such things do not happen.

In objecting to this bill, I think we are doing all Canadians a service. And the other companies waiting at the door to introduce similar proposals will have to think things over and change their attitude. They will have to consider themselves as Canadians. And not only 12 per cent Canadian, because that is not enough. We want those companies to be more Canadian.

In the future, when similar bills are brought before the house, we will make sure that those companies and the individuals concerned will take the necessary steps to ensure that the project is Canadian and that in fact, the interests of Canada are safeguarded.

(Text):

Mr. H. A. Olson (Medicine Hat): Mr. Speaker, there are obviously very serious reservations on the part of all parties of the house with regard to this bill. There has been an expression of objection by members of all parties to certain aspects of the corporate structure and ownership of the company concerned. I think there would be some value in the suggestion that this bill be referred to the standing committee on banking and commerce. There are some rather interesting aspects with respect to the profit-sharing plans of this company with their employees, for example, about which I personally should like to have the opportunity to ask the officials of the company. However, I appreciate the position of hon. members of this house who are not on that committee and their concern with the explanation they have received thus far. The sponsor of this bill claimed that he could not give a detailed explanation about all these matters, and I can appreciate that. I think it would be a little better if we had the officers of the company before the committee where we could subject them to questions which would give us direct and detailed explanations about the corporate structure of this company. If upon examination we found that 87½ per cent of the stock or ownership is to be vested in the United States, and that as a result of that 87½ per cent of the earnings will be exported to the United States, we must certainly agree with the hon. member for Lake St. John (Mr. Lessard) when he expresses concern about this aspect.

I think there is some merit in having the officers of the company come before a committee of this house to make these explanations. On the other hand, if they are not prepared to make some major changes in the explanations which have been given thus far, I think it may be, as the hon. gentleman has just mentioned, a matter of adding more time to kill the bill, eventually, anyway.

Mr. J. J. Greene (Renfrew South): Mr. Speaker, I would be far happier if our hon. friends opposite were talking this bill out for

some specific reason or concrete purpose, other than the fact that some considerable portion of this company is to be owned by citizens of the United States. There may be good reasons why hon. members opposite feel that this company should not be incorporated in Canada, but this business of "Yankee go home" is not necessarily a good thing. We on this side of the house know that it is government policy to encourage a greater Canadian participation in our corporate entities which do business in this country. I do not think this necessarily implies that we do not wish or need or want to encourage further foreign capital to enter this country so as to create jobs for our people.

Some hon. Members: Oh, oh.

Mr. Greene: It is very peculiar that those people who cry the hardest against foreign capital coming into our country to create jobs do not say anything about the price we would pay by not having that foreign capital. It is clear that since the war the standard of living of our people would have been far lower if it had not been for the entry of foreign capital into this country.

Mr. Chapdelaine: Would the hon. member permit a question? Does he know that what is invested in these insurance companies is Canadian money which is then lent out to Canadians at interest for the benefit of the United States owners. This is money which formerly belonged to Canada.

Mr. Greene: I am not familiar with the investment policy of this particular company. I know of some companies which have put back every nickel they have earned in Canada so as to create more jobs here. I do not know whether the policy of this particular company is inclined in that direction. However, I think that to speak against a company for no other reason than that it is a United States company is wrong. There are many unemployed people in my riding and as far as I am concerned I would be happy to see anyone creating the plant which could provide them with work. I do not care who puts up the original capital. I would be happy, of course, if the profits were put back to create more jobs, but if some of those profits went to shareholders in the United States rather than to shareholders on Bay street I would still feel that it is better to encourage growth, wherever the investment comes from, as long as my people are working.

We on this side of the house are in favour of encouraging a greater participation by our own people in the financing of our corporate structures. Sometimes, good ideas come from the other side of the house. I heard a suggestion made on the other side of the house a few nights ago to the effect that the insurance companies which today tie up so much of the wealth of the country should be obliged by law to put a great deal more into the development or growth of our nation than they presently do. I think there probably is far too large a percentage of the savings of our Canadian people tied up at the present time in the funds of insurance companies, chartered banks and trust companies which, by law, must invest in directions which are not particularly productive and which create very few new jobs—they can scarcely go into any risk area other than the building of plushy office blocks for the companies themselves. I think we should encourage these institutions to invest a greater proportion of these savings in direction which would create new jobs and contribute far more to the growth of our economy.

There may be a valid argument which could be used against individual foreign corporations investing capital in this country because of the way in which they operated, or disposed of their profits, but I think the tendency today should be toward one world; there should be encouragement of greater participation by one country in the affairs of another. I am not a subscriber to what I call the "Little Canada" theory—the theory that we do not want anybody else here. If we were honest we would have to admit that, were it not for foreign investment, the standard of living of our people would have to be cut. If we were willing to build up an iron curtain around Canada we could, probably, develop our own resources, but it would have to be done far more slowly than we are doing at the present time. I do not think we need a curtain of this kind. I think we should proceed gradually, increasing the control of our own economy by stages. I do not think we need any flag waving, or any "Yankee go home" attitude. We need to ensure that these funds are used to promote the continued and orderly growth of our economy for the benefit of our people, and I suggest that to a large degree the United States capital which has been invested in this country has served both these purposes.

I contend that the American, British and European capital which has come into this country has not bled our people or exploited our economy. I think most of our corporate citizens, irrespective of their national origin, have been good corporate citizens. It may get votes on the hustings to wave the flag and cry, "Yankee, go home" but I have yet to hear examples of foreign capital, or United States capital, exploiting our people or doing anything but good by coming here, building

plants, and bringing in the know-how and the machinery to provide jobs for our people and help expand our economy.

It has been said, as was said on one occasion with regard to the Chrysler corporation, that too many of the exports of these companies go from the United States rather than from subsidiaries in this country. But surely we could legislate so as to assure ourselves of a better deal in this respect, without frightening away foreign capital which would help provide more jobs for our people.

Some hon. Members: Six o'clock.

Mr. Ryan: On a question of privilege, I am afraid that in asking a question of him I may have given the impression to the hon. member for Kootenay West, and others, that the superintendent of insurance gave reasons for recommending the incorporation of this company as a life company. I may have been unfair in making that suggestion. I would have put it more properly had I implied by my question that he gave reasons for not opposing the incorporation of this company. Those reasons appear in the proceedings of the banking and commerce committee of the Senate for Wednesday, November 14, 1962.

The Acting Speaker (Mr. Batten): Order. It being six o'clock, the hour appointed for the consideration of private members' business has expired and the house will revert to the business which was interrupted at five o'clock.

WAYS AND MEANS

The house in committee of ways and means, Mr. Batten in the chair.

At six o'clock the committee took recess.

AFTER RECESS

The committee resumed at 7 p.m.

Mr. Fane: Mr. Chairman, I am glad that at last I am able to take up the caveat I registered last night on some time in the debate today, and I hope to continue the address which was received with such great approval on both sides of the house last night. I hope that when I have finished my address it will receive the same approval, but I doubt it. It was a pleasure to give up my allotted time this afternoon to the leader of my party. It is a very difficult thing to follow perhaps the most able debater in Canada and what I will have to say will probably be somewhat of an anticlimax to his speech. However, I feel that at this time I should say something about the resolution, and particularly the budget.

[Mr. Greene.]

I was, I must say, more than surprised by the budget when it was presented by the Minister of Finance. What surprises me more than anything is the stony silence that has prevailed throughout on the part of the front-bench members of the government. Not one of the old pros in the government has risen to speak on behalf of the Minister of Finance, although he has been found fault with and criticized by almost everybody in Canada.

The minister says that he has some telegrams and letters commending him for his budget, but that is not the kind of letters and telegrams I have received. The 11 per cent tax on building materials and industrial machinery has been watered down a bit, of course, but I presume that in the course of time it will reach the full 11 per cent again. The fact that the tax has been criticized by almost everybody in Canada and that it has caused so much unemployment that was not in evidence before, and for which there was really no reason, is very bad advertising for the new government, the Minister of Finance and, of course for Canada.

So far as the 30 per cent withholding tax is concerned, the minister withdrew that very quickly on the request of a few of his millionaire friends and it certainly did not take him very long to do that. However, it took over a month and perhaps half a million requests from people all over Canada to get him to change the effect of the 11 per cent sales tax on building materials, even to the extent that he has.

It is a very bad thing when everybody in Canada complains about a budget. It may be it was a good thing to impose a tax that affects almost everybody, but it is also a very bad thing in that it taxes one of the activities that the government was hoping would cause more employment in Canada and a great deal more activity. The fact is that in the result it has not helped to relieve unemployment at all.

Another thing I am very surprised at is that the revaluation of the dollar to 92½ cents in relation to United States currency during the Conservative regime was left alone, in spite of all the complaints and criticisms that the Liberal party and the Minister of Finance himself, notwithstanding his attitude in his book, "Troubled Canada", had levelled at the former government. They complained about it and said it would ruin Canada's economy.

I trust you are not going to stop me talking about that, Mr. Chairman. That is one of the very bad results of the budget and of these taxes. I noticed you were getting to your feet, Mr. Chairman. I presume you do not like me talking about the whole budget, but everybody else has been doing so, so I do not see how you can stop me.

A budget is supposed to be the brainchild of the Minister of Finance and perhaps the Prime Minister, in any event, of the government. When this budget was brought in it was not the brainchild of the government. It was brought in by the Minister of Finance, but apparently neither the Prime Minister nor any of the other ministers had ever heard of it before it was presented, because members on this side could see the look of dismay on their faces. It was something to behold, believe me.

The Minister of Finance has admitted, and it has been proven, that the budget was prepared by four assistants who were not members of the civil service. This, in itself, is an insult to the civil service, which has given such great service to Canada, and especially to the deputy minister of finance who has since left the department. He may have been given a promotion or he may not. It may have been at his own request; who knows? In any event, this budget that was presented was definitely not a budget that represented the feelings of the government. If the Minister of Finance has to consult other people, he could have consulted some 90 members of the Liberal party who occupy the back benches. He would have obtained a great deal better advice than he did from the members of financial houses in Toronto. He would have had a budget that was representative and approved by the people of Canada. This is one of the things he has learned, and believe me there are a lot of other things he must learn.

Of course, I have referred to this budget as the illegitimate brainchild of the four members of the financial houses in Toronto, and it has occurred to me that perhaps we should now question also the parentage of the minister's book "Troubled Canada". Canada really now has more cause to be troubled than she ever did before because the Minister of Finance has not realized he was supposed to present a budget that would be acceptable to the people of Canada and that would really help the economy of this country. It seems that now we have a government by Gordon, ghostwriters and gimmicks instead of, as in former times, government by crystal ball.

As I have remarked before, all the fault does not lie with the minister. Some of it must lie with the other members on the front benchers, because they allowed the minister to bring down a budget like that and, therefore, they could not have known what was in it. This must be one of the things that is worrying them now because not one of them has stood up to defend the Minister of Finance. This is something about which the people of Canada are wondering. Of course, the Secretary of State has given the minister answers when he has been asked questions, but he has not got up to speak in defence of the Minister of Finance. Of course, you could not expect anything else. The old pros in the front ranks of the cabinet are the same old pros as were there in 1957 when the government was thrown out of office by the people of Canada. There are two missing. The former prime minister is not here to hold them together, and neither is that man who was the government of Canada. He has gone to his great reward. I am referring to the late Hon. C. D. Howe. He was, at that time, the government of Canada and he ruled the roost. There was not any question about that.

I do not propose to take much more of the time of the committee. However, I am wondering how in the name of heaven the Minister of Finance proposes to legislate the people of Canada into investing their money in Canada. The trend seems to be that people who have money to invest invest it in places outside of Canada. They do not support industries in Canada. Whenever an industry in Canada is for sale, it is the people from outside the country who buy it. One has only to look at the case of Cockshutt Plow Company, which was the only Canadian implement company left, to find they sold out to foreign buyers.

If today the Canadian National Railways were put up for sale you would not find a buyer anywhere that would pay a proper price for it. However, if the Polymer Corporation, which is another child of the government, were put up for sale you would find plenty of buyers from all over the world. I do not know whether you would find any people from Canada willing to buy it, but it is a going concern. It pays its way. Why is it that Canadian businessmen who have money to invest, will invest in stocks or shares from other countries rather than invest their money in Canada? Perhaps the shares pay a quarter of 1 per cent more interest or dividend. This is something that I have never been able to understand. Why do people in Canada who have money to invest not invest that money in Canada?

I suggest also to the minister that if he wanted to impose a new tax that would be quite unpopular, but which is really a tax that should be in effect, he should investigate the possibility of taxing capital gains. I know that would meet the approval of my friends to the far left, but it might not meet with the approval of too many people who have money to invest in Canada. This is a place where a tax could be imposed that would be a fair tax.

Now, having made these few remarks, I shall conclude. I do not intend to lengthen this debate and I do not want to be accused of delaying this measure.

(Translation):

Mr. Beaule: Mr. Chairman, in his speech this afternoon, the Leader of the Opposition (Mr. Diefenbaker) made a few insinuations about our attitude in the house. I will therefore take the liberty of asking him where his main lieutenants were, last Tuesday night, when there was a vote on the Speaker's decision. Only 54 Conservative members were here to cast their vote, although there were over 65 before the question was put. Were those members afraid to assume their responsibilities or were they prevented from voting freely?

What happened to the 208 seats they held in 1958? Where are the 50 members from the province of Quebec?

The Conservative party has lost the people's confidence because of the inaction and the indecision shown by its leader.

We are accused of voting for measures that go against our principles. Mr. Chairman, during the last session—

Mr. Paul: Mr. Chairman, on a point of order. I would like to remind the hon. member that the remarks he intends to make to the house must be confined to the resolution under consideration. I think the hon. member will not want to go against the rules of the house.

Mr. Beaule: Mr. Chairman, I shall—

(Text):

Mr. Pickersgill: On the point of order which has been raised, since the right hon. gentleman was allowed to make an attack on hon. gentlemen opposite, I am astonished at the intervention made by the hon. member. It seems to me that all hon. members of the house should be treated in the same manner and the hon. gentleman should not be interfered with.

Mr. Martineau: In reply to the Secretary of State, if any attack was made on hon. gentlemen it should have been raised at the time by way of privilege, and should not enter into the orbit of the debate on the budget resolution. I think the Secretary of State will admit that.

Mr. Pickersgill: No, I will not admit anything of the kind. I did raise a point of order, and notwithstanding the point of order I raised the right hon. gentleman was allowed to proceed. I insist, sir, that we should treat ordinary hon. members of the house in the same way as the right hon. gentleman, because all of us are elected and all of us in this house are equal.

(Translation):

Mr. Paul: Mr. Chairman, after listening to the remarks of the Secretary of State (Mr. Pickersgill), one is led to believe that this afternoon the chairman of the committee may have transgressed the rules of this house, but if a mistake was made this afternoon, would we be justified to tolerate a second one tonight?

The Chairman: Order. I do not believe it would be advantageous to go any further along this line.

I admit that this afternoon the Secretary of State raised a point of order. There is no doubt that standing order 35 to the effect that no member may criticize a vote of the house did apply. When the hon. member raised the matter this afternoon I therefore confirmed his point of order in what may have been a diplomatic way, by inviting the right hon. Leader of the Opposition to abide by the rules and I believe that after this call to order he heeded the ruling of the Chair and did not try to continue the remarks he had started to make along those lines.

I believe that, in order for the debate to be continued in an orderly manner, it would be advantageous if the hon. member for Quebec East would abstain from pursuing the remarks he had started to make in reply, I grant, to what the Leader of the Opposition had to say this afternoon.

Mr. Beaule: Thank you, Mr. Chairman, but the Leader of the Opposition still had time to make his remarks.

I simply want to say that if we were unable to vote on a budget last year it was because none was submitted to us. In short there was no vote because it was an election year and they were afraid to take their responsibilities.

Today, if the government in office has imposed taxes it is to pay for the blunders of the previous administration.

Mr. Chairman, the matter before us, namely an amendment to the Excise Tax Act has caused lots of articles to be written.

On June 13 last, the Minister of Finance (Mr. Gordon) submitted a budget to the house. In that budget was a resolution to impose a 30 per cent tax on foreign takeovers; but he had to withdraw that resolution from his budget due to the pressures of one Mr. Kierans who is the agent of big financial interests in the United States.

Afterwards, the minister specified that he had withdrawn this budget resolution due to administrative problems and hardly a week ago, we noted that the administrative problems were in fact the imposition by the United States government of a 15 per cent tax on American investments abroad.

Well, if you like, I will tell you about a case where the most influential financiers of the twenties failed.

In 1923, an important meeting was held in the Edgewater Hotel in Chicago. There were present 10 of the greatest financiers in the world.

The group included:

1. The president of the largest steel-works of the United States.
2. The president of the National City Bank.
3. The president of the largest public utility company.
4. The president of the largest gas company.
5. The greatest speculator on wheat.
6. The president of the New York stock exchange.
7. A member of the presidential cabinet.
8. The director of the most powerful monopoly in the world.
9. The most famous bear of Wall street.
10. The president of the international exchange bank.

It must be admitted that this meeting grouped the most highly rated men in the world, at least men who knew how to make a lot of money.

Twenty five years later, an investigation was made to see where success had led those men.

The president of the largest steel-works of the United States, Charles Schwab, had died in poverty and lived from borrowed money the last five years of his life.

The president of the largest public utility company, Samuel Insull, had died in a foreign country after fleeing from the law of his country.

The president of the largest gas company, Howard Hopsom, was declared insane.

The largest speculator on wheat, Arthur Cotton, died debt-ridden outside the country.

The president of the New York stock exchange, Richard Whitney, was just out of Sing Sing.

A member of the presidential cabinet, Albert Fall, died at home shortly after having been released from jail on parole.

The most famous Wall street bear, Jesse Livermore, committed suicide.

The head of the most powerful monopoly in the world, Ivar Kreuger, shot himself through the head.

All those men had discovered the secret of how to make money but none of them had learned the art of living.

This interesting study was published in *The Whizz*, a monthly bulletin of the Rotary Club of Winnipeg.

Mr. Chairman, if their ideas were taken too seriously, where would they lead us?

Let us think for instance about the 11 per cent tax we are studying at present. Instead of levying it at one go, the government decided to proceed by easy stages. The minister probably thought that, when applied step by step, that measure would seem less painful than if the government went at once the whole hog while the net result would be the same.

I wonder if after having spoken to the president of the Canadian builders' association, the minister would have agreed to strike out the new 11 per cent tax from the budget, as he did with the 30 per cent tax on foreign control?

Those who hold the purse strings and who control credit are granted preferential treatment, but the government certainly hits the bull's eye when it comes to taxing the average taxpayer. The 11 per cent tax on building materials has affected our construction workers, and the new tax will certainly slow down our building industry, the price of one family dwellings will go up at least $500, and the increase might reach $5,000 on apartment houses.

Such a slowing down in the building industry will cause greater unemployment in that field, from the manufacturer down to the worker.

We can understand that a family man with an average income who wished to have a house of his own, would have changed his mind since the imposition of this new 11 per cent tax.

And what about the firm that wanted to expand or to buy some equipment? It will have to wait before risking its capital on account of this 11 per cent tax.

On the other hand, had the government introduced a budget in accordance with the people's needs, which would have included resolutions providing an increase in the personal base income exemption, an increase and extension up to the age of 18 of family allowances, those resolutions would have enlarged the purchasing power and this country's economy would be much better off.

In addition, if the government had provided for the financing of the national debt, a vast program of public works, municipal loans, etc. through the Bank of Canada and on the basis of services and national product, the country would be in a much better position.

Mr. Chairman, if the government had worked through the Bank of Canada, as I have said, to set up a vast program of public works instead of establishing this 11 per cent tax, it would have solved to a great extent the problem of unemployment in Canada which will only be made worse by this new tax. This problem is of the utmost urgency because the situation is alarming.

If we consider that, in 1962, there was on the average 391,000 unemployed in Canada, it means that on the basis of 250 working days per year, we lost 97,750,000 man-days of

work because of unemployment. Those are significant figures. That is why we must deal with unemployment immediately and it is not by imposing new taxes that we will improve the situation.

An extensive program of public works would be welcomed by all Canadians, and particularly those of Quebec city where unemployment is also present. The city of Quebec needs an incentive to develop its industrial and commercial activities. It needs the help of federal government, for instance, for the reclamation of St. Charles river, that has been for many years a political football of the old political parties.

It is inconceivable that, in 1963, in Quebec city, the cradle of American civilization, one of the greatest tourist centres, an agreement has not yet been reached to solve that problem, a thing that the people had been expecting for many years.

Mr. Chairman, what prevents the development of the commercial district of Quebec city at the present time is the problem created by the St. Charles river and the railroad crossings. When we consider the estimates of the Department of Transport, I will come back to that matter.

At this point I would like to congratulate the hon. member for Quebec South (Mr. Cantin) on his appointment as parliamentary secretary of the Minister of Transport. He is in the right place to intervene with the minister so that the work can be completed as quickly as possible because, as member for Quebec South, I think that part of his constituency is also affected by the railroad crossings and the St. Charles river. If I am not mistaken—

The Chairman: I wonder if the hon. member for Quebec East could explain how his present remarks are related to the resolution under study?

Mr. Beaule: I am coming to it, Mr. Chairman.

The hon. member for Quebec South spoke about restoring old Quebec, in a televised program during the last election campaign. I hope that in his plan for the restoration of the old Quebec, he will not forget to add the necessary amounts for the development of St. Charles river and the removal of railway crossings.

Mr. Chairman, if the government intends to alleviate unemployment, it is the moment to prove to the people its good intentions and it is not with a levy of new taxes that things are going to improve. On the contrary, that 11 per cent tax interferes with construction and I hope that the government will find a way to balance its budget in making use of the Bank of Canada so as to eliminate, some day, that 11 per cent tax on building materials and equipment.

(Text):

Mr. Muir (Lisgar): Mr. Chairman, there are a few aspects of this resolution that I wish to discuss this evening. However, I shall attempt to be brief in order to facilitate the work of the committee. It still remains a mystery to most Canadians why the exemptions applied to building materials should be withdrawn at this particular time. The fact that the building and allied trades constitute one of our best means of creating employment makes it even more mystifying. The reduction from 11 per cent to 4 per cent—a concession, I might say, that was wrung from the minister—while cushioning the immediate impact of the full tax on construction does not alter the fact that a good many people in this country who had intended to build or renovate property are having second thoughts in this regard.

The minister's explanation that this particular tax was necessary to help reduce the budget deficit, it seems to me, is certainly shortsighted, because a reduction in the construction program across the country will reduce, rather than add to, the taxes forthcoming from this particular industry. Surely there were other means of finding revenue that would not adversely affect employment and private and industrial development as much as this one. In addition the construction industry lost three vital weeks during the debacle that followed the introduction of the budget—a budget, I might say, that ran counter to the government's boast that they would increase employment and get the economy rolling. The removal of the tax exemption on building materials on an escalating scale starting at 4 per cent certainly does not give any encouragement for expansion in that industry.

The gimmick type of approach used in the budget leads one to believe that it was written up or put together by a group of inept merchandisers rather than fiscal experts. A case in point is the $500 prize offered for winter construction, a measure that has been rather effectively erased by the imposition of the tax on building materials. The gimmick approach seems to have set the theme for the whole affair and has now become the symbol of the Liberal party—gimmicks born of ineptitude out of expediency. I would like to quote what Mr. John Meyer, the financial

expert for some of the leading eastern newspapers, had to say recently in the financial column of the Ottawa *Journal*:

> Whatever the explanation, the tax has to be withdrawn in all its new applications and as quickly as possible, whatever the cost in budget calculations and political embarrassment. Mr. Gordon shouldn't be allowed to wait until a round of price increases forces his hand as the stock market break forced his hand in the withdrawal of the takeover tax. Deferred or cancelled construction and equipment contracts could still be reinstated if the tax is quickly withdrawn. If Mr. Gordon is allowed to hold to it, through the tolerance of the government or division in the opposition, he will have the distinction of having braked a national economy to a standstill all by himself.

Tinkering with the former government's economic program in a desperate, but mistaken attempt to equal last year's gross national product, and at the same time find more money for their gimmicks by the tax on building materials and production machinery, may very well have set the wheels of progress in reverse. Of particular concern to people hoping to modernize their home and business places in areas other than incorporated towns—and I hope the minister is listening to this, because I think it is very important—or municipalities that are not affected, is the provision under paragraph 1(c) repealing the exemptions for goods used as part of sewerage and drainage systems. I would just like to read for the record what paragraph 1(c) provides:

> 1. That the present exemption from sales tax for certain building materials be withdrawn by repealing the exemption for all goods mentioned under the heading "Building materials" in schedule III of the said act and by repealing the exemptions for

And this is what subparagraph (c) provides:

> "Goods for use as part of sewerage and drainage systems, and articles and materials to be used exclusively in the manufacture thereof;"

This tax places an added burden on home and business owners located in rural areas and where municipal sewerage systems are not feasible. It will add to the capital costs of establishing motels in some of our tourist areas where the total cost of a sewerage system must be borne by the owner himself.

With these illustrations in mind, I think it is only just to say that this particular item is discriminatory in that it does not recognize the difference between those who have these services provided for them out of general taxes and those who have to pay for these services themselves, sincle clause 2 exempts municipalities from application of the tax.

We would be interested to hear the minister's views on this item and we are sure that a lot of people in the rural areas who have been looking forward to being able to afford a few of the amenities of life, of which a decent sewage system is one, would be interested too. We are certainly hoping that the minister will seriously consider the discrimination imposed on the rural people by paragraph 1(c) and have it withdrawn. As I have mentioned, the building and allied trades have proven to be an important factor in the creation of employment and economic expansion. Cognizance of this is reflected in the hundreds of telegrams received by hon. members on all sides of the house from across the nation, and many of our people close to the situation fear the consequences of the tax in terms of construction, employment and economic well-being. The result may well be that the government's boast to get the economy rolling may turn out to be as empty as the proverbial cupboard.

The facts, officially confirmed, show that 1962 was a year when all segments of the economy forged ahead to new plateaus under a government program designed to stimulate progress in both domestic and foreign trade. If this government is going to assist the economy in trying to maintain a healthy growth, they would be well advised to cancel the taxes they have imposed on building materials, including all of paragraph (1) of the amendment to the Excise Tax Act, and give the nation some practical leadership so sadly lacking in their so-called 60 days of decision.

There is another section of paragraph 1 of the resolution which I should like briefly to discuss, and that is that having to do with the treatment of timber poles and lumber. As I understand it, under paragraph 1(a) of the resolution, even fence posts when not in the raw state—that is to say, with the bark on them as the wood is taken from the tree—are subject to tax. That includes posts split, peeled, sharpened and creosoted. It seems to me that when the minister has to reach down to the lowly fence post to find extra taxes, it is time the government took a summer holiday, as suggested by the Prime Minister this afternoon, in order to clear the cobwebs from their collective thinking, drop this nefarious tax, and come back with new measures designed to assist rather than deter the economy of this great country of ours.

(Translation):

Mr. Gauthier: Mr. Chairman, we have been discussing for several hours the matter under study and we all seem to agree in opposing this 11 per cent tax on building materials.

After our public protest against that tax, the Minister of Finance (Mr. Gordon) seemed

to retreat, but it was just a strategic move for a better sprint towards taxation, and besides all will admit that this is the method of the old-line parties. It is not by compelling us to go to the scaffold, step after step, that we will forget what is in store for us up there, and in some way the people will eventually have to pay that 11 per cent tax imposed by the budget.

However, what shocked me most at first was the way the minister yielded to the American financiers, when Mr. Kierans came and had him erase by a stroke of the pen the 30 per cent tax on Canadian stock sales to non-residents, and his rather disturbing stubbornness in maintaining the 11 per cent tax on building materials. If it displeases American finance, then everything must be sacrificed to prevent such a disaster, but if it means acting outrageously against those who sent us here, then it has no importance at all. The hundreds of representations coming from every part of Canada cannot move the Minister of Finance.

Is the minister aware that building timber is the main industry in my own riding of Roberval? More than 50 per cent of the mills have already closed up or cut down production, leaving hundreds of families apprehensive about the future. It is humanly impossible to foresee the coming of winter under these conditions. The minister has received representations from all public bodies and industrialists of my area. Is he oblivious of the fact that notwithstanding the needs for taxation, there are thousands of men, women and children hoping to receive a human answer from his government.

I hope that the Canadian people will finally understand the great truths that we, of the Social Credit, have been advocating for 20 years, namely that the worst enemies of economy are the old-line parties who listen much more readily to the financiers' whims than to human needs. The minister might say that it is precisely to help the people in their fight against unemployment that he levies this 11 per cent tax. The aim is surely commendable, but the means taken to attain that object are wrong. We can compare that situation to someone who says to a man who has no money to buy bread: "Give me $5 and I shall give you back $2 so that you can buy bread."

I am addressing myself to the present minister, as I would to any minister from the two old line parties, because their solutions, when they are in power, are always one and the same, that is, taxes.

They succeed each other in turn, and each blames those new taxes on the other.

[Mr. Gauthier.]

Listen to what this government tells us. The Minister of Finance explains that he has to impose a sales tax of 11 per cent on building materials, to correct the mistakes of the Conservatives. The Conservatives certainly did make mistakes, and more particularly the failure to present a budget. In that respect, we waited patiently for one, two, three, five or six months, and we even still believed their seventh promise. And the play on words went on.

What was the reason which forced them to play at hide-and-seek? Did they find their last year in office so troublesome that they were unable to come through with a budget? Or, rather, were they somewhat embarrassed not to be able to lay the blame on the Liberals, an advantage which the Liberals are now exploiting to the hilt.

Mr. Chairman, one thing is certain, if ever a city council behaved like the former government, and never produced a budget, I would pity that mayor and those councillors when they had to face the people. Logically, we should have had no excuse for tolerating such behaviour on the part of the central government.

The parties which are guilty of such action should at least go and hide their shame and stop blaming those who actually prevented a social suicide.

Mr. Chairman, we are opposed to the 11 per cent sales tax. All our fellow citizens are also against it.

An hon. Member: We would like to know about that.

Mr. Gauthier: Wait a minute, you will soon get the information. And I hope that I will not have to read again for the minister's benefit all those protests I forwarded to him. Besides, I would be unable to do it, because some government members are always raising a point of order when we dig up some evidence too conclusive looking. Therefore, I will avoid giving them that chance because this has become a sport with some members of the government.

The three opposition parties stated their opposition to the 11 per cent sales tax, but each in its own way.

And now I come to a most important point for the opposition because it is very well to say no, that we are against this or that, but what is more important, in my opinion, is to offer an alternative.

The fact, therefore, is well established, the Liberals have imposed an 11 per cent tax because they wanted to balance their budget and reduce unemployment.

Therefore, if we oppose this means of collecting future budgetary funds we must absolutely find an alternative way acceptable to our people. That is the problem.

Unless I am mistaken, the members of the New Democratic party oppose the 11 per cent sales tax and some of them even suggested an alternative: "We should accumulate increased deficits".

At first sight, that suggestion looks strange and even ludicrous. As a matter of fact, the New Democratic party seems to be suggesting: "You want to find the funds to balance your budget? You do not have to tax, there is only one way to do it: increase your indebtedness. You need money? Borrow some. You need more money? Borrow some more, do it until there is no money at all left to be borrowed."

Maybe they have found a magic formula which will enable a country indebted to the full extent of its national assets to start all over again from scratch? In that case, we should try to reach that maximum before everybody starves to death.

Nevertheless, that was a suggested solution. It was a doubtful one but still it was a worthy effort.

However, I admit that I was quite taken aback by the amendment they moved the other night, when they simply asked for the deletion of the paragraph on the 11 per cent sales tax, without any alternative suggestion. This does not look at all like N.D.P. policy.

The mover must have known that he was unable to move an amendment to do away with essential budget revenue without first suggesting an alternative to raise such revenue.

So, the chairman had to rule the amendment out of order.

The Conservatives have also in part stated their views on the 11 per cent tax. But as always, they opposed it just to be against something. They must do so because they are the official opposition. They do not ask themselves why and they have not thought about making a concrete proposal to replace the 11 per cent tax.

An hon. Member: What is your proposal?

Mr. Gauthier: You will know it at the end of my remarks. Besides, I am quite sure that in the same circumstances, the Conservatives would have imposed the same taxes as the Liberals, because both do the bidding of the same vested interests. For the time being, their role is to be against and to play politics in order to dazzle the people. We had a good example of that from the Leader of the Opposition himself (Mr. Diefenbaker) this afternoon.

In fact, the lamentable incident of this afternoon has done much to disillusion a young member. When you expect so much from the former leader of the country, and you see him go so low for the purpose of playing vulgar politics, I can tell you it is a heart-breaking spectacle.

And I say to the Leader of the Opposition that he should set an example for his supporters instead of making an exhibition of himself.

The House of Commons is not a show place and the Leader of the Opposition should be old enough to realize that.

As far as I am concerned, I always considered him as a real gentleman among parliamentarians until today, but I say sincerely that my opinion has changed very much since this afternoon.

I think that this afternoon we saw the true face of the Leader of the Opposition, I wish I had never seen it, to keep the image I had of him. I even wonder why the house tolerates such vulgarity? A reform is imperative. People do not speak the truth—but at the same time they pretend they are telling the truth—to try and hoodwink the people. Or they make statements which smell politics for miles, like the ones made by the hon. member for Acadia (Mr. Horner) on the evening of July 24—that is their job, all right—when he knew perfectly well that the question put was on the ruling of the chairman concerning the adherence to the standing order and an N.D.P. amendment which I myself considered as incomplete.

The hon. member for Acadia shouted in the house that the Social Crediters had voted for the 11 per cent tax. His leader confirmed that statement this afternoon. It is a shameless lie. You said the worst abominations during the election against our group because we did not have the American funds you had to defend ourselves.

The Chairman: Order. May I point out to the hon. member that he seems to wander farther and farther from the resolution before the house. I would ask him to co-operate with his colleagues in this house and confine his remarks to the resolution.

Mr. Gauthier: Thank you, Mr. Chairman.

Mr. Pigeon: Mr. Chairman, may I say one word in reply to the remarks made by the hon. member for Roberval?

The Chairman: I called the hon. member to order and I do not think there is a debate on that point.

Mr. Gauthier: Thank you, Mr. Chairman. I shall hurry up a little because some people

want to know what suggestions I have to make to replace this 11 per cent tax.

But I wish to mention that I made those observations in self-defence. You gave full latitude to the Leader of the Opposition this afternoon, and I do not see why those who only take the floor once in a while should not have the right to defend themselves.

Therefore, to come back to the attacks of the hon. member for Acadia—you will notice that I have left the Leader of the Opposition and changed the subject to come back to those attacks—I say that if his shoes hurt his toes, he should stop yelling at his neighbour and find out what is wrong in his own bailiwick. Are your provincial wounds still burning?

I have too much respect to ask you why some of your Conservative members did not vote that night. But, at least, do stop lying to the house by stating that the Social Credit members voted in favour of the 11 per cent tax.

Now I am getting to my subject matter.

You know very well that it is absolutely false, because we voted to support a decision rendered by Mr. Speaker on a point of order.

If those who are taking notes, looked up *Hansard,* they would see that six of my colleagues voted—I say six and therefore not all the Social Credit members—six of my fellow members voted to sustain Mr. Speaker's decision, while the others voted against it.

Mr. Pigeon: Mr. Chairman, may I ask the hon. member a question?

The Chairman: Order.

Mr. Gauthier: Later, when I have finished my remarks, because an hon. member asked me three times what my suggestion was, and I shall tell him.

Five others voted against the decision; they were entitled to do so, as we have no party dictatorship in our ranks. As far as I am concerned, I did not vote at all because I had not quite sized up the chairman's decision. I do not usually feel responsible for other people's houses, but when somebody comes and dirties my doorstep, I do not allow him to do so.

I say to the hon. member for Acadia that we are just now discussing the 11 per cent tax in the house. He did criticize it again at length yesterday, but what positive steps did his party take to remedy the situation? None at all. Hot air and words, that is the limit of your objectivity. We shall forgive you, but do not do it again.

We are also opposed to the 11 per cent tax, but we are suggesting to the government a substitute.

An hon. Member: What for instance?

Mr. Gauthier: The solution might not be quite to the liking of a few petty millionaires, but it would bring us the necessary funds to balance our budget which must stop showing a deficit. We of the Social Credit party at least believe that when somebody has debts, he is not going to pay them off by piling up new ones.

The minister is asking for suggestions? At this stage, he does not necessarily need suggestions, but just some individual faith, assurance and national confidence.

As a people, we are mature, at least that is what we are told, and we should no longer believe the old tales of the wicked fairy.

I believe that our Minister of Finance is still beset by a primitive fear of the myth of the American financier. We should free ourselves from those traces of colonialism and apply ourselves to control our economy by our own means. Let us stop borrowing the neighbour's car when we can buy our own. Will we dare drive it at last?

This is what we expect of your government, Mr. Minister.

When you go back before the people, they will not ask you how many votes you carried in the house, but to what extent you enabled Canadians to control their own country.

It is not by depriving someone of his property that he is made to own it, but by exerting every legitimate effort to give him back what was taken away from him.

You know very well that by levying an 11 per cent tax on building materials, even though our economy is based on the construction industry, instead of creating jobs and alleviating unemployment, you will force many industries to close down and to increase the number of men laid off, thus undermining our last hope of seeing the economy get moving again.

It would be possible today to go through the Bank of Canada—that is the solution, sir—to create new credit needed for our economic recovery.

We will soon be considering an amendment to the Bank Act; that is a unique opportunity for your government to take over the very control of our economy.

I need not labour today the idea of monetary reform advocated by our group. You have heard about it more than once.

If I have still to convince you, at least read the writings of a former governor of the Bank of Canada, Mr. Towers. You will certainly get in that way an inkling of the reform needed if the Bank of Canada is to play its true part in the Canadian economy.

Thus, we may hope that one day we will no longer be at the mercy of some financiers who set the degree of our vitality. We will be able to live in freedom in our country, only when all the members of parliament understand the importance of that reform.

(Text):

Mr. Chaplin: Mr. Chairman, in taking part in the debate on this resolution dealing with the excise tax, I should like to commence by extending my congratulations to the Minister of Finance on his appointment to this high office. I should like also to take this opportunity of wishing him well. Since I have just returned to the house, I have not been able to do that before. As I say, having been away for some time and judging from what I have read, the minister might be reasonably happy to have some good wishes extended to him, regardless of the quarter of the house from which they come.

The point has been reached, however, where the niceties and amenities that we observe and expect in this house clash headlong with the realities of the situation that has developed. I regret, very sincerely that I am unable to extend congratulations to the minister upon his budget or upon the manner in which it has been presented to this house. There are many people in this country who would like to forget the resolution with which we are now dealing, and I am sure there are a great many members opposite who would like to forget the whole budget. This budget is going to be remembered in this country for a long time to come. As long as it is remembered, the anniversary of the date of its introduction, June 13, will be recalled, I am sure, as amateur night in Canada.

I have a certain sympathy with the apparent objectives and aims of the minister. For example, I think I would have no quarrel with the long term objective of repatriating Canadian industry. However, I was greatly surprised at the method by which it was attempted, in that it was obviously punitive, discriminatory and largely directed against the United States. I had rather expected a system of incentives for Canadians. It was quite apparent that the takeover tax was doomed to failure from the very start, primarily because the ideas of the minister proved to be impractical and unenforceable.

When dealing with another section of the Income Tax Act, the minister put great stress on certain incentives that were contained in the budget and the beneficial effects they would have on expansion of Canadian industry. I feel the minister was overstressing the value of those incentives. In fact, I feel that he will be very disappointed in the results arising therefrom because, in my opinion, those incentives will be valueless unless the government itself creates a climate of confidence in this country. The businessmen, the manufacturers of this country will not use those incentives unless they have confidence in the future. This budget, and particularly this resolution, with its backing and filling, has created doubt and confusion. It has inspired distrust in the business community of this country and in a wide segment of industry throughout Canada. The backing and filling, the ineptitude with which this budget has been prepared, has created doubt and uncertainty, and the results are now becoming apparent to the people of Canada in the appalling lack of decision on the part of the government. That is underlined in this very resolution.

I have some letters here from various companies in my constituency with which I should like to deal, if I may take some time. The hon. member for Waterloo North dealt with a number of industries in his constituency the other evening, and I should like to mention one or two in mine to stress the points I have in mind. I am sure that I shall have the blessing of the hon. member for Kootenay East in that regard.

Mr. Byrne: Don't be too sure.

Mr. Chaplin: In this respect, I should like to quote from a letter from Galt Metal Industries, one of the large companies in my constituency. This is what they have to say about this measure:

> In the business in which our company is engaged, that of the manufacture of automotive parts, we are competing with manufacturers in other countries who import into Canada. In addition to the depressing effect that the sales tax added to production machinery and supply will have on other industries, our industry, and particularly our part of the automotive parts industry, will be severely affected when it comes to being required to add 11 per cent to the cost of our tooling. As you perhaps know, the cost of tooling is a very large part of the cost of producing automotive parts particularly in our low volume Canadian production.
>
> Because of the action taken in November of 1962 which established the export credit program to offset duty on automotive automatic transmissions, our company has gained considerable export business into the U.S. It is highly doubtful that

had we been required to add 11 per cent to the cost of tooling that we would have been able to obtain this business.

I should like to quote from another letter from Babcock-Wilcox and Goldie-McCulloch Limited.

The new sales tax on building material and equipment for the production of goods has a very serious effect on our company position and therefore, employment in South Waterloo.

The new sales tax has a twofold effect on our position. Firstly it results in an 11 per cent increase in price to almost all our customers; this has caused cancellation of purchases and will continue to restrict the demand for our products. Second, it has increased our own operating costs by the new tax of 11 per cent on plant machinery, repair parts and shop supplies.

The new tax can only have a serious detrimental effect on the community. You personally are aware that we are the major industry in Galt as far as male employees and family income is concerned.

Now, Mr. Chairman, I have many such letters. I have more than I could read, but I do not want to take up the time of the committee. I am only reading these to illustrate the points I have in mind. I am sure that the minister himself has had communications of this kind. It is true that these letters were written before the tax was reduced to 4 per cent and when we were still talking about an 11 per cent tax. However, the basic complaints and arguments that they make are still valid.

I realize that the minister can probably make a very good case for the elimination of all excise tax exemptions. As the hon. member for Leeds said last night, I believe, there is no reason for any one industry or segment of our economy, such as the building and construction industry or capital goods industry to have exemptions that do not apply to other industries. This may be true, Mr. Chairman, but I think that the timing of the removal of this exemption is most unfortunate. One of the great problems we face today, as the Minister of Finance has said on so many occasions in the past, and particularly during the last election campaign, is the elimination or attempt to minimize unemployment in this country. The exemption of the building industry from excise tax was originally designed to stimulate that industry and to stimulate employment. If that is true and it has worked out to advantage, as I believe it has, then it holds that the cancellation or elimination of this exemption will have the opposite effect. It will be restrictive and will reduce employment.

So far as the capital goods industry is concerned, we have an unusual situation. We have the Minister of Trade and Commerce telling secondary industries that they must increase their efficiency because we are going to reduce tariffs, and Canadian industry, to a greater extent than ever before, will have to face competition not only in the markets of the world but in our own domestic markets. The government, which is piously urging manufacturers to reduce costs, is at the same time arbitrarily increasing them, and this cost increase will apply to exports as well as to domestic sales. That is a strange way to assist Canada's export drive.

How does the Minister of Finance propose that industry become more efficient? How does he propose that it meet the type of competition envisaged by the Minister of Trade and Commerce. We certainly cannot meet this kind of competition by cutting or decreasing our labour rates. In fact possibly the only way open to us is increased modernization and efficiency through the use of new capital equipment. This is the area to which we must turn to meet the specifications laid down by the Minister of Trade and Commerce, and this is the very area in which costs are so important that we should not be increasing them but should be striving in every way we can to lower costs on capital equipment.

We were led to believe, particularly during the last election campaign, that the government's policy would be expansionist. Instead of that it is restrictive, and in my opinion restrictive to a very dangerous degree.

Then we come to consumable products and processing materials used in the production of goods. As I understand it, the government has backed down in removing the exemption from such products, but this concession is not really as wide or comprehensive as manufacturers had been led to believe. I have received communications from factories and companies in my constituency asking for clarification as to what items are exempted from duty. They have also written to the Department of National Revenue and have received numerous answers that have been confusing in themselves. Why is this? It is not because of any inefficiency on the part of the officials of that department, but simply because they are just as confused as everybody else in the country.

My own impression is that the sales tax is now to be applied on a wide list of goods that were formerly exempted; but this again is just another example of the utter confusion that seems to permeate the whole government. Actually there is an air of unreality about the whole budget. It is a Walter in Wonderland budget.

We all recognize the fact that the minister must find sources of revenue for the needs of his government. In this respect we are now discussing a further increase in taxes, and to the best of my knowledge there has never been any suggestion by the minister—I qualify that by saying there was a suggestion by

the Prime Minister today—outlining any possible economies in the operation of government itself. If there were a reduction in that direction shown by the government, then I think the people of the country would respond much more readily to the raising of these taxes. It also seems to me that the implementation at this time of certain recommendations of the Glassco commission would help to restore faith and confidence in the country and, incidentally, in the government itself.

Another feature of this resolution is the progressive nature of the sales tax and the manner in which it is being applied. I do not think the minister should be applying taxes to take effect two years hence. He has changed his position from the original budget. He has reduced the tax from 11 per cent to 4 per cent for the immediate future, and it progressively builds up to 11 per cent over the next two years. I submit he made these changes under pressure, and they have in effect been a face-saving device.

There is no assurance that the minister will be in that particular office a year hence, and it could well be that to impose future taxation of this kind would only embarrass his successor and inhibit his usefulness. When I look across at the benches opposite and see that hungry expression on the face of the Minister of Trade and Commerce, I would only suggest that there are perhaps only a few months of usefulness left to the hon. minister.

Mr. Sharp: I had a good dinner.

Mr. Chaplin: Oh, indeed; from here it is hard to see that. The Minister of Finance has pointed out that by applying this tax over a period of time it will soften its impact on industry. I agree with him in this. It may be so, but it brings to my mind another problem to which serious consideration should be given. Having fixed and specific dates on which this tax is to be increased could well be an invitation to excessive inventory speculation. This could be particularly so in building materials, and might readily have the effect of stimulating the economy until such time as the tax was increased. It could also have a very depressing effect, once the increases came into force.

If this does result in excessive inventory speculation it will be the big corporations that will benefit. It will be the big companies and big operators with cash available who will get the benefit of this, and again it will be the small businessman who will suffer in his inability to compete with the price advantages which the big companies get by meeting this tax.

In closing, one of the other areas of omission in the budget is that it seems there has been no provision or attempt to correct our trade balance with the United States. That unfavourable balance is a most serious problem for the government and the country. The Minister of Finance has not faced up to the situation; but now, with the restrictions that have been threatened by the Americans on the movement of capital to Canada, I hope the government will recognize the problem, will take cognizance of it and take some constructive action in this area, because I believe it is of the utmost seriousness to Canada.

(Translation):

Mr. Marcoux: Mr. Chairman, I promise not to waste the valuable time of the house. I only wish to do justice to those who have appealed to me to defend their opinions. I also wish to speak on behalf of the Quebec district in addition to the metropolitan area of Montreal who does not have the privilege of being represented by a member in the opposition who understands the views of the industrialists, manufacturers and people in the construction industry.

I neither wish to repeat nor hack all the arguments put forward by the members who have wasted much of our time. However, I must say, like everybody, that I have received many letters, telegrams and telephone calls.

Moreover, I would like to quote two prominent figures in the province of Quebec who have objected to that 11 per cent tax being applied all at once or gradually during a three-year period which amounts to the same thing. Those people talked about amounts of which they would be deprived for a period of five years each. I am thinking of Mr. Rene Levesque who stated that Quebec's hydro projects would have to be curtailed because of this tax, bringing about additional expenses amounting to approximately $10 million a year. In passing, I might mention to the hon. Minister of Finance that Quebec hydro is an agency which should be very familiar to him since his accounting firm is keeping books for them.

Let me also quote His Honour the Mayor of Montreal, Mr. Jean Drapeau, who said that this tax puts Montreal in an intolerable situation and will force the city to spend $30 million more in the next five years.

I would like to suggest to the minister that even without following the Social Credit theory, any increase in the building sector would bring about an increase in employment, and in the amounts paid to the workers

which never escape the clutches of the Department of National Revenue; therefore the taxes which would be paid by the workers would make up for the amount lost through the repeal of that 11 per cent tax.

However, I shall not make lengthy remarks on the subject. I simply wanted to join all those who objected, to let the minister know that should he decide to withdraw that tax, he would find himself in good company since millions of Canadians are in favour of the withdrawal of that tax. He would not have to have any fear about the next election; nobody would ever criticize him for that.

(Text):

The Chairman: Has the committee completed discussion on paragraph 1?

Mr. Rynard: Mr. Chairman, in speaking to this resolution I have nothing but sympathy for the Minister of Finance. I think we all realize that he has an uncomfortable job. It is an uncomfortable job to have to raise the funds with which the government can carry on. But I think we must also keep in mind that many Canadians voted for members of the present government on the promises, even commitments, of its candidates to get the economy going, to increase employment and to balance the budget. I will not go any further into other promises or what the people expected of the party which formed the government. Perhaps people are now beginning to realize that they bought the Brooklyn bridge. In the first place, this government will finish out its fiscal year with the biggest deficit in the history of this country. My prediction is that because of the methods being used there will be more unemployment, and this budget has already gone down in history as the worst one ever brought in since confederation. To substantiate this, if it needs any substantiation, one needs only to read from a little booklet published by the Canadian Manufacturers' Association called "Industry". This article is entitled "Opportunity lost", and says:

From the manufacturing standpoint,—

An hon. Member: Is there a doctor in the house?

Mr. Rynard: They need several:

—however, the most dismaying and least forgivable feature of the budget is the extension of the 11 per cent sales tax to machinery and apparatus—

This, of course, was before it was reduced to 4 per cent:

—and processing materials used in the production of goods, and to building materials used in the construction of new factories and plant extensions.

Manufacturers already are required to pay the sales tax on the goods they produce; they are now to be made to pay it on the machinery used in the production of these same goods. In effect, they will be paying the tax twice over. This isn't just; it isn't wise; and it certainly isn't expansionist.

The likely corporate reaction is all too predictable. In reviewing, as they will be bound to do, their capital spending intentions, some companies will reluctantly decide to defer the purchase of needed plant and equipment and to "make do" for a while longer. Still others with plans for expanding their capacity or building plants may well decide that the higher outlay compels them to hold off for now. There is evidence that these things are already happening.

In short, the effect of this extension of the sales tax can only be to slow down economic activity, hold down employment, inhibit competitiveness, retard productivity improvement and generally act as a depressant rather than a stimulant.

"Regressive and regrettable" was the budget night comment of H. Roy Crabtree, president of the Canadian Manufacturers' Association—

In my humble opinion the Minister of Finance would not be in the difficulties in which he now finds himself had he used the wisdom and experience of his own department. Surely there are few people with as much experience as the people in the finance department, who have years of experience behind them in preparing budgets. They are in possession of a wealth of experience and have unquestionably studied the economy at length. They would have charted a much safer course for the Minister of Finance. Instead he was led down the garden path into the briar patch by a group of amateurs. This is, of course, what one could really call the second budget because in this resolution the tax on building materials has been reduced from 11 per cent to 4 per cent. However, this is just not good enough; it should be eliminated completely for at least a year, because at the present time there is nothing but confusion in the minds of the people.

This tax is restrictive because it hits the manufacturing industry and the construction industry, two of the biggest employers of labour in this country; and let us not lose sight of the fact that the ordinary individual ultimately pays the shot. I would like to ask you, Mr. Chairman, how in the world can you stimulate trade and provide employment when you put a deterrent in the market place? The construction industry employs well over 600,000 people in this country. Anything that will restrict this industry will certainly lead to more unemployment; and this was the very thing this government gave its pledge to the Canadian people to reduce. Let us take a classic example of a man who was going to build an "L" wing to his house. His family had increased in size and he was going to put two additional rooms in this wing, the construction of which would cost him about $5,000. When this tax was imposed he decided he was not going to build the "L" extension. While it is true that this tax amounts to only a few hundred dollars, to a man measuring his dollars and cents and raising a family it is

quite a sum. This is one tax that makes no exemption and bears the hardest on people with limited income. It so happens that this man is working in a factory which has recently been taken over and which is going to require a lot of new machinery. They will have to pay tax on these new machines, they will have to pay tax on the product they sell, and the fear of one of the men in that business is that when they are through with all this they may have a product priced out of the market, and will not be able to sell what they are producing. If that is the case, Mr. Chairman, then this man will even lose his job. That is the sort of thing which increases unemployment, in a vicious circle.

I do not want to be unjust to the Minister of Finance, Mr. Chairman. I believe he is an honourable gentleman. But we must remember that all the senior members of the cabinet, including the Prime Minister, saw this budget before it came into the house. While the Minister of Finance must bear the brunt of criticism, nevertheless he has my sympathy. Unquestionably he will have the biggest deficit in history, and I do not believe that deficits are worse than mass unemployment. In spite of the promises of the Liberal party in the last election that they would balance the budget, in this day and age where most people buy on finance plans I believe that it is not a bad plan to have deficit financing, if that deficit financing does not go beyond your gross national product and the growth of your country. I think if I were to choose between unemployment and a deficit budget, I would take the deficit budget.

I should like to deal with another feature of this resolution. I find myself asking the question, when a young couple buy a home and make their down payment, which has been decreased as has the interest rate also, if their down payment does not just cover the present tax. In other words, have they any real equity in this house or have they just paid the sales tax? The same thing occurs, in my opinion, in the attempt to stimulate employment by the building of a house in the winter months. I think you will agree with me that building in the winter months in this country raises the cost at least 10 per cent, depending on the area you build in. The government have the audacity to offer a fellow $500 to build a house in the winter time, knowing full well that if he is building a $20,000 house the house will cost him $2,000 more to build. In other words, in effect they are taking $2,000 out of one of his pockets and putting $500 into another.

I should like to touch on another problem which indicates to me a complete lack of understanding on the part of the present government. This tax will largely destroy the efforts of industry and labour to make themselves more competitive in the export markets. It is a tragedy, when industry and labour have worked so well together in the last few years to make themselves competitive—and Mr. Chairman, they were getting there—that the government in dealing with them now has not shown more leadership and common sense. As I have said before, I sympathize with the Minister of Finance. Money has to be raised, but surely it could be raised in fields which are not so restrictive to employment. For example, I note that the federal government in 1961 raised $110 million on their excise tax on spirits. I do not believe that it would do any particular harm, and certainly would not be restrictive, if they increased these taxes; and there are other fields they could have tapped, in the same way.

In conclusion, Mr. Chairman, I feel that the minister should completely eliminate his tax on building materials for another year at least, if not forever. If he has to go on with it at that time, however, people would have time to become informed and to realize the procedures involved. This would preclude the great uncertainty which now prevails as to this resolution and it would help temporarily to soothe the general revulsion of the man on the street, as well as the anxiety of the stock exchanges. The man on the street believed sincerely that he had voted for a party which would at least bring in sound fiscal and monetary policies.

Mr. Greene: Mr. Chairman, we have had such sorrowful sounds of melancholia from the other side of the house that I think it would not be amiss if I dropped a word of cheer to these sorrowful gentlemen, these new prophets of doom and gloom that we have sitting across on the other side. It would appear that now the Conservative party is on record as being the party of fiscal irresponsibility; that several large and ever-growing deficits when they were in office were a monument to that irresponsibility; and we now hear them advocating the removal of all taxes and hence, apparently, a larger deficit than even they were able to produce. It would appear that the new philosophy of the Conservative party is: Govern now and pay later. This is a peculiar philosophy indeed for that party which was once the party of orthodox finance. I feel so badly for these lachcrymose and melancholic gentlemen, and in particular for the right hon. Leader of the Opposition who was wailing so mournfully over there this afternoon, that

I would just offer a word of cheer to the effect that they may have noticed that housing starts were up in the month of June.

Mr. Stenson: Mr. Chairman, in speaking to this resolution I should like to express my views and make some reference to how my own area will be affected. Since June 13, when the budget was brought down, I have had many letters and briefs complaining about the taxes it contained. I have discussed the situation with different plant managers and I am at a loss to know why the Minister of Finance feels he is helping the economy of the country and promoting employment. This feeling is non-existent in my riding.

The Minister of Finance said on budget night that in order to encourage employment by reviving private capital expenditure, which he said had lagged so conspicuously for the past six years, he would propose important new tax concessions. Effective on the date of enactment, new manufacturing and processing enterprises located in designated areas of slower growth would be given exemption from income taxes for three years from their inception. He also proposed that such enterprises be entitled to write off new machinery and equipment. Another proposal was that any taxpayer be entitled to write off the cost of new buildings located in designated areas of slower growth at the rate of 20 per cent annum, or in as little as five years.

After these budget statements I would like to ask the Minister of Finance what areas he has designated as slow growth areas, when during the last election campaign most of the Liberal members claimed to have slow growth in their particular areas and, at times, even stagnation

Does the minister feel his area of Davenport is a slow growth area? He said, and I quote: "My own riding of Davenport is a high unemployment area". Just how will he designate these areas? Can he refuse these tax exemptions in his own riding? Can he refuse them in any metropolitan Toronto riding? I would like to know exactly where I stand in my own riding regarding new industry, and what is offered to establish a new manufacturer. In Peterborough we have found that the best expansion does not always come from new industries, but from industries which are already established. But there is no help for them. The hon. gentleman went on to say:

> It is intended that the measures I have mentioned so far should provide an immediate impetus to increased activity. Accordingly, new assets must be purchased and new businesses must be certified to have come into existence in the period of 24 months following the initial date of these measures if they are to qualify.

Now, Mr. Chairman, with the restrictions the minister has placed on industry, the tax on machinery, and the tax on building material, how does the government expect any new industry to develop in this country in the next 24 months?

I would like to bring just one instance to the attention of the committee. A small industry in Peterborough employing approximately 75 people saw fit to expand their business, and erected another building last year. They have been disturbed since the budget was brought down because, although they are a Canadian firm with 100 per cent Canadian capital, they feel it would be better to carry out their operation in the United States since 80 per cent of their produce is exported, 65 per cent of it going to the United States. Here is a portion of a letter from them:

> Our firm is one hundred per cent Canadian. We have developed the manufacture of machines and consumable items, and export the major part of our output to the United States and other countries, over tariff barriers ranging up to 45 per cent.
>
> The cost of production equipment that we must purchase has always been much higher in Canada than it would be if we were located in the United States. With this, and other disadvantages, working against us in Canada, particularly when engaged in export, the budget proposal to tax the means of production another 11 per cent comes as a distinct shock.
>
> The provisions in the budget for rapid depreciation, while welcome, are only beneficial to firms that are in a secure profit position. We feel that comparatively few small Canadian firms are in that position.
>
> We wish to submit facts pertaining to our business which we feel, indicate the problems and possibilities for manufacturing in Canada. Adversity, if made too severe, will cancel the prospects. Twenty years have been required to develop our business to a profitable level.
>
> The pressing need of our business is to acquire the best available equipment for efficient production and be able to retain sufficient earnings to pay for it, as well as to continue the development of our products.
>
> Our considered view is that the recent turn of events poses a serious situation for us, as well as for many other Canadian manufacturers, and merits your urgent consideration.

This is just one instance, and I doubt very much if there is a single member sitting on the government side who does not have a similar situation in his own riding. How can hon. members opposite go back to the people and claim to support these budget measures when they know they are posing a serious threat to our industrial economy? Small manufacturers who have to purchase production equipment out of Canada have to pay as much as 30 per cent more than in the United States and we find they are exporting to the United States 65 per cent of their output. How can this government expect to expand industry by burdening such companies with an additional 11 per cent tax? The government should realize that they are

forcing this type of Canadian manufacturer into other countries to produce. I would like to take the Minister of Finance or his officials to my constituency to discuss the measures they have levied on these particular industries.

The Minister of Finance has admitted in his revised budget that the 11 per cent tax will have an immediate and sharp impact on some industries, and I agree with him. Industries in the export business competing against foreign manufacturers will also feel the 4 per cent tax and they have further increases hanging over their heads in the next 18 months.

All the other letters from Peterborough manufacturers find fault with the 11 per cent tax on building materials, machinery and equipment. I would like to read a few quotations from another letter.

> The additional 11 per cent sales tax on building and processing materials and equipment will add great expense to our costs. We are in a competitive market with imported materials and this is not going to make our efforts any easier.
>
> The new additional withholding tax will make it such that our parent company would be reluctant to invest further money in Canada.
>
> As you know in recent years we have expanded greatly in the Peterborough area and we would like this to continue but it does not look possible.
>
> As a Canadian I can quite appreciate the desire to have Canadians participate in the industrial expansion of Canada. However, this isn't practical in all cases and I feel that ours is one of them.

Now, Mr. Chairman, this particular company has contributed much to the economy in our area. In the last four years they have increased production, increased the number of employees, and expanded the company. This tax could be considered as a slap in the face to their efforts.

I have spoken to the manager of one of Canada's largest electrical manufacturers, located in Peterborough. This company is a substantial contributor to the employment and welfare, not only of our community, but of the Canadian economy as a whole. The company has, since its inception, devoted itself to integrating its own interests with the developing Canadian economy. They have carefully assessed and supported Canadian government policies developed in the interests of Canada's growth and employment, in the sincere belief that these were also in the interests of the company. Their policy of reinvestment of earnings in Canadian operations has resulted in an average of approximately 72 per cent of earnings being reinvested in Canadian operations over the past ten year period.

The company's total employee compensation last year of just over $87 million, and its expenditure for materials, supplies and other costs of $163 million, give some indication of the impact of the company's activities on the total Canadian economy. The money paid employees as well as the money paid to a vast multitude of suppliers throughout all communities of this country, has become an important factor in our industrial life.

The sales tax amendments in the budget are estimated to increase the company's cost as a purchaser by something over $1.5 million a year. In addition, the additional tax that must be collected and billed to customers will reach in the order of $8 million per year.

These budget revisions will add very materially to costs, and industry costs generally, without any improvement in output and will, therefore, reduce the efficiency of Canadian industry significantly at a time when improved efficiency is very much required. In keeping with the government's policies over recent years, they have on their own initiative gone into world markets and expanded their exports very significantly. While this has been done at extremely low margins, they have just managed to compete.

With the recent increase in costs resulting from budget changes they may find it puts them in a non-competitive position and their program would be in danger of failure. This is a paradoxical case in which the government is exhorting them to expand their exports and is at the same time proposing legislation which will inhibit their ability to carry out this policy. Those importing products into Canada will obtain an advantage, in so far as their costs are not increased in proportion to the increase in costs of Canadian manufactures due to these budget proposals.

I should like to emphasize that they recognize and appreciate the need for action to help balance the budget and the need for additional revenue. However, they feel that the additional revenue must come from growth and cannot come from hidden extra costs which are bound to inhibit and actually may seriously destroy the very growth that is needed. They sincerely believe that there is a real question whether increased revenue can actually result from the sales tax amendment in the budget.

With regard to the income tax amendments, they are concerned with the discriminatory nature of these amendments. Over the years reinvestment of a large portion of the earnings of their company has been a major part of their policy and has been a major factor in providing employment in this country and our community. The company has exerted itself to be a good Canadian corporate citizen through its reinvestment policy, through the employment of Canadians on its board of directors, through its expansion of export trade and support of Canadian government policies. They sincerely believe that growth

and employment in our community and throughout this country will be seriously and adversely affected by the budget measures and would appreciate recognition of these views in connection with forthcoming government policies.

I should like to suggest the complete withdrawal of this tax so that industry in this country will again have confidence in the Canadian government and expand as it has in the past six years. This course of action will not only help our manufacturers but will be a boost to the economy of our country, which in turn will give more employment to those out of work. I feel that this is the most important objective that the government should strive for at the present time.

Mr. McIntosh: Mr. Chairman, I had not intended to speak at this time but I was prompted to do so by the actions and the words of the last speaker on the government side. This budget reminds me of the poet Browning. Someone asked Browning what he meant by one of his poems and he looked at it and said: "When I wrote that, only God and I knew what I meant but right now only God knows what it means". I think that is the attitude of the Canadian people with regard to this confused budget. I believe it was said this afternoon that the best course that could be taken would be to withdraw the budget entirely or, failing that, to exempt all building materials and production machinery.

It has been intimated that the department is swamped with applications at the present time but when the truth is actually known they will not think they were swamped now because there are many other things that have not come to light yet. I have one case here that I want to bring to the minister's attention involving an order or contract which I think will stand up in court. An order was placed by a Canadian company with an American firm for the production of a piece of equipment known as a self-propelled oil well servicing and workover rig. This order was placed with the American company on May 13, 1963 and was confirmed by the American manufacturer on May 22, 1963. The machine went into production on that date and delivery was to be on June 28.

The total cost of this equipment was in the neighbourhood of $65,000. A deposit was paid making the transaction binding. The purchaser's cheque was deposited by the American firm in the National Bank of Tulsa, Oklahoma, on May 20, 1963. I have a letter here from the manufacturer which states that the order was accepted on May 13 and was secured by a cash down payment. They consider that the order contract was firm and binding on both parties. I also have the cancelled cheque which was deposited in the American bank on May 20. In other words, I believe that those with legal minds will say that the company concerned had a fixed price contract.

The Minister of National Revenue stated the following in his prepared statement as recorded on page 1472 of *Hansard* of June 24 last.

An hon. Member: I thought you were not going to speak.

Mr. McIntosh: Haven't you fellows said enough tonight already?

An hon. Member: We have heard enough.

Mr. McIntosh: You have not heard half of what you are going to hear. This is what the minister said:

> In order to be of assistance to persons who believe they are entitled to relief because they are a party to a fixed price contract, as explained earlier, the department is willing to examine their contracts if they wish to forward them to the customs and excise division in Ottawa before they go to the work of preparing their refund claims.

In this case the minister's offer of assistance was accepted. The company concerned made representations to the department, through their member of parliament. The final reply from the minister on the subject reads in part as follows, and it is very surprising.

An hon. Member: I thought you were not going to speak.

Mr. McIntosh: I said I was not going to speak unless I was prompted by you fellows.

An hon. Member: You cannot say you were not prepared.

Mr. McIntosh: That is right. I am prepared to make you fellows sit still. This is what the minister said in part, in his letter:

> The sales tax relieving section of the budget resolutions, presently before parliament, provides sales tax relief to a Canadian vendor selling under a fixed price contract entered into prior to June 14, 1963, signed by the parties thereto and which does not permit the vendor to add the extra tax to his sale price. However, this relief does not extend to persons who import goods for own use even though the importer may have a contract with the foreign supplier.

In other words, the department implies that the contract with the foreign supplier is firm and binding but adds this rider, which I imagine was added by the officials of the department:

> —this relief does not extend to persons who import goods for own use—

This is a new angle. I wonder how many other angles are buried in this resolution that will not be unearthed until we start getting letters from our constituents. It will not be

just the opposition members who will be getting them. All you backbenchers on the government side will be getting them too. In so far as opposition members are concerned, all we can do is sympathize with our constituents, but you fellows have to make excuses for the members of the cabinet. I suggest that this is a discriminatory revision, and I do not believe the minister wants to put this type of legislation through.

For example, take the hypothetical case of two purchasers of a like piece of machinery or equipment. One orders through another party and the other orders direct from the manufacturer. Now, the one ordering direct for his own use is charged the additional sales tax, but the one ordering through the third party does not have to pay this tax. In the case to which I have referred, this order that I have here, the additional cost to the one firm that will have to pay, would be in the neighbourhood of $7,000.

I could not find any place in the minister's remarks a statement to the effect that importation for end use was not exempt. I am wondering if this is another bureaucratic decision or regulation. Perhaps I could explain just what I mean by a bureaucratic decision. I have had experience with this department on a number of occasions. I think a reference was made in this committee the other day to farm implements. I think the minister should be very careful of the words he uses in these acts. I have another complaint, Mr. Minister, concerning tuned hand bells, which come under tariff item 696. The answer I got was that it was not a philosophical or scientific apparatus or instrument. If you look at the dictionary, it is considered so there, but evidently not by your officials. I think, in these cases, your definitions should follow the dictionary meaning of these words which you are going to use.

I have said before that these regulations are stronger than the acts we pass in this House of Commons. I say again that the ministers are captives of their own departments in that the officials write these letters and then the ministers sign them. I come back as an example to the first dispute I had with the department concerning agricultural implements. I refer to this tariff item 409f, which is in two parts. There is one item shown thereunder, gravity discharge farm wagon boxes. I tried to get one of these into the country a short time ago, and the only difference was that ours was called a truck box. In the west, they do not use wagons any more. I understand that the French translation of wagon is lorry, but not speaking French I did not know that at the time. Is that not correct? They said it did not come under that item because "wagon" did not mean "truck". The reason we wanted to import it under this item was that all articles brought under this item had what they called an end user's certificate. However, this truck box could have been used for other purposes. We admit that. If the purchaser was forced to sign an end user's certificate, that would have been fine.

However, the officials would not even allow it under that. We go down a little further and there is another item which says, "all other agricultural implements or agricultural machinery, n.o.p.". I understand these letters mean, not otherwise provided for. It certainly should have come under that. I went to a lot of trouble to try to influence the department as to the definition of "farm implement".

Some hon. Members: Question, question.

Mr. McIntosh: You will get the question. Now, looking at any dictionary I find that an implement is defined as a thing of necessary use in any trade. This might be an education to some of you people. The word "necessary" is defined as those things to the doing of a thing which are reasonably required. Then, I went to the law clerk of the House of Commons. I did not tell him what my problem was, but I asked him to give me a definition of an agricultural implement. He said that anything that is mainly used for agricultural purposes becomes an agricultural implement.

In Funk and Wagnall's ready reference dictionary, implement is defined as a means or agent for the accomplishment of a purpose. In McGoldricks hand book of the Canadian Customs Tariff and Excise Duties, recognized as an authority or guide by Canadian industry, starting on page 267, there is a general heading "Agricultural Implements". This same heading of implements is carried on for seven pages, listing hundreds of items considered as agricultural implements by legal authorities and industry.

Then, I went to the library of the House of Commons and I got all of the legal dictionaries I could find there. I took these definitions to the officials of the department and said, "These are all the definitions I could find." At that time, they did not say no, they are not right. They said, "Look, you go over to the Department of Finance; they are the ones who determine what will go into these tariff items." I went to the department and they said, it is in there. They pointed out these two items to which I have just referred, the steel grain wagon box or the other agricultural implement. I went back to the Department of National Revenue and I told them what the Department of Finance had told me, that it was covered by the tariff. They said, "No it is not." I said that finance thinks it is in here; they put it

in. They said, "Yes, but we have the job of interpreting what finance puts in". I said that I had all these definitions which I had looked up—"Will you not accept one of these"? They said, no.

Do you want to say something, Mr. Minister? I will sit down if you do. Finally, I said to the departmental officials, "O.K., you have me beat; it does not come under any of these headings. I will have to write back and tell my constituents about this. But before I do, I should like you, as officials of the department to give me your interpretation of what these two headings mean. What is an agricultural implement?" They said, "We do not have to do that". In other words, they can just sit there and arbitrarily tell me that all these definitions I have found in these dictionaries do not define agricultural implements. Apparently they have that power and the minister will do nothing at all about it.

I may have a few more remarks to make on this item when the bill comes before the house. I think, however, before the bill comes before the house the minister should give some consideration to withdrawing the budget altogether. He would then stop all this confusion that has been obvious in the committee tonight and during the day. We know there is going to be more confusion after the bill is introduced and after our constituents are confronted with problems such as the ones I have outlined tonight. Just wait until your backbenchers start getting letters from your constituents. I hope you can explain things to them.

(Translation):

Mr. Latulippe: Mr. Chairman, the new Kennedy tax and the 11 per cent Gordon tax are uniting to hit Canadians directly. This leads us to believe that our politicians want for our people the same fate as the world boxing champion had in store for the challenger, that is to knock our people out in the first round.

First round here, first budget of the new Liberal administration, first series of taxes, general retreat under pressure brought to bear by outside forces, general loss of confidence, panic in some cases, rejoicing in others, in short, the ropes of the economical ring choke the contenders, goodwill alone is not enough, they begin to realize that what is physically possible must also be made financially possible.

Lack of money must not prevent progress any more, but how they hesitate before taking a decision, because they are afraid to do wrong to the signs cult. They are busy drawing dollars from everywhere they can find them before considering making more, because they are afraid that dollars might become less rare, less valuable. If they increase the signs to make it possible to use things, they increase debts at the same time in order to keep the means of decreasing the signs, to prevent the individuals from freeing themselves.

The lift-pump operates in all corners, in all pockets: direct and indirect taxes, increased prices, the taxpayers, the consumers, emptied to the last drop, do not know what to do; government taxes at all levels, bank taxes, trust taxes.

The privileged financier does not even have the trouble of manoeuvering the debentures that cost him only a stroke of the pen and a few accounting operations and that assure him a primary right on the public income. The financier is beaming, he is the first to be served, and in the name of the law too, by the manager of a struggling society, the Minister of Finance.

Joe works, Banco does the business.

Joe pays, Banco picks up.

Joe is deprived, Banco enriched.

Is he not the one who made the required money come out of his ink-stand? When he is about quits with his government, Joe takes a look at his electricity bills, his waterfalls, his mines, his soil and his subsoil, and he wonders what imps have installed such a perfect pumping system, that he does not understand too well but whose existence he is well aware of and which his common sense tells him is undesirable.

Joe looks at his house, his industry, his business, his municipalities, his schools, his bridges, his roads, his universities, his sons who have to set up a family on terms and who have to look up to finance companies for a small measure of respite. Alas, they find only a father who works devoutly for a finance company and who is tied to the latter by a chain whose links he has forged himself. Banco empties the pockets through the respectable offices of the public treasury; and the trusts, which are the offsprings of the fertile banks, get rich because they are crafty, they share a part of their bounty with the big political parties to be sure of continued protection. With those funds, the political parties are able, during an election, to impress and comfort Joe with their eloquence.

This 11 per cent tax is the result of such a financial system. The Minister of Finance was firmly decided to give to the people what they can rightly expect from the government.

The local, provincial and federal governments are faced with problems which impede their action. This disastrous tax will lead to inflation, to an increase in the cost of living,

to the restriction of credit, not to speak of the numerous additional difficulties it will create for both the public and private sectors of production.

According to Hon. Rene Levesque, this tax is a straight punch on the nose; he said that the development of the entire province of Quebec will suffer from it. But some sectors, such as the building industry, are more adversely affected, as shown by the many telegrams we received on the matter. Personally, I got a few dozen telegrams, as many phone calls, as well as letters on the subject.

On the other hand, we can easily be misled by the latest statistics on unemployment. Figures released by the Department of Labour and the d.b.s. show that the rate of unemployment in Canada went down to 4.4 per cent of the labour force in June. It is said to be an increase of 43,000 jobs compared with the previous month. In the province of Quebec, there were 113,000 jobless in June, a gain of 17,000 over the previous month. But this gain does not really mean much when we consider that out of the 113,000 jobs created during that period, 79,000 were for students. This proves that the effects of that tax, as evidenced by the telegrams, are most harmful and make an alarming situation even more serious.

The steady increase of indebtedness at all levels of our economic society makes the picture even darker. According to tentative figures which were provided by the Department of Finance, Canada's public debt was as follows as of March 31, 1963: unmatured debt, $17,961.8 millions; gross liabilities, $24,811.9 millions; net debt, $13,937.1 millions. On the basis of the population figure for April 1963, the per capita distribution was as follows: unmatured debt, $953.08; gross liabilities, $1,316.56 and net national debt, $739.53. The following are only tentative figures concerning the interest paid on the debt in 1962-63: unmatured debt, $709 millions, and gross liabilities, $882 million. On the other hand, the total amount of money in circulation in Canada compared to the public debt, in March 1963, amounted to 86 per cent of the unmatured debt, 63 per cent of the gross liabilities and 111 per cent of the net debt.

The situation is anything but bright, judging by the statistics which I have just quoted. The increasing burden of taxes of all kinds as a result of which many homeowners lose their homes, farmers their farm, industrialists their industries, irrevocably crush all of us, except those who, on account of their unlimited power, are indirectly responsible for the levy of these taxes. In the province of Quebec alone in 1962, the apparent losses from bankruptcies, non-summary procedures, namely 543 bankruptcies, amounted approximately to $15,695,662 and losses from 915 summary procedures reached $5,779,801.

The financial incapability of extending social measures, according to genuine needs, and of maintaining them in relation to the increase of the cost of living also results from such a state of affairs. This tax will increase the financial needs of hospitals and educational institutions. Those are all financial problems and cannot be blamed on inadequate means of production. But if the sources of production are ample enough to fill quickly all the orders, public and private, the source of payment facilities, on the other hand, is soon dried up. The total capacity to produce and the total capacity to pay do not balance, far from it, and that balance will always remain harder to achieve with those new taxes, be they direct or indirect.

So, even before the new taxes, there was a discrepancy between the physical possibilities, which are immense, and the available financial means, which are limited, and that is what brings about conflicts where every one wants his share of an insufficient whole.

If everything that is physically possible were made financially possible, the scarcity complex which sharpens conflicts would disappear, since the production system shows no signs of finding it difficult to meet the demand, wherever it comes from.

Nothing obliges a full-fledged organized community, to gear the use of its vast physical assets to its limited financial assets. Rather, the financial machinery should be geared to the possibilities of implementation.

A financial organization which would faithfully reflect its actual wealth, would provide the means of payment in accordance with the production of all sorts of goods and would withdraw those means of payment only in accordance with the consumption of all sorts of goods. The matter of financial problems would not likely come up any more and the only possible difficulties would concern production, but those do not seem to be a source of trouble today.

It is a crime today to regulate and ration money already in insufficient quantity compared to an affluent production, to let human beings suffer, in order to abide by heartless

measures concerned only with the mighty dollar. And the government which thus allows the money and credit controllers to let the people go hungry is guilty of condoning their cowardice.

Instead of imposing taxes, they should have adjusted family allowances in line with the cost of living and assured to each citizen the required vital minimum.

Money is not a sacrament, neither a police nor a government. Its function is not a moral but an economic one; it must be used for the exchange of products.

Abundance is not due to a particular political party, nor is the lack of money due to a party, it is due to a system that is both illogical and inhuman and which no change of parties in power has changed.

What is needed is an addition of new money, to finance production restrained for lack of money, and an addition of new money added to the insufficient purchasing power of consumers, instead of taxes, to enable them to obtain products, to distribute the money that is missing in order to distribute the abundance that is offered, so it will not be a struggle between parties which will distribute abundance and will ensure a decent living to each family, to each citizen of this country.

On the contrary, it is by joining forces throughout the country, by co-ordinating the actions of governments and others, in order to eliminate the merely financial problem from politics and from economics that we will be able to correct this situation. Bring finance to the pace of realities, realities in men, realities in things, realities in needs and realities in goods.

We have been requesting for a long time the undertaking of this urgent operation. We know that this request follows the wish of all Canadians, except perhaps the high priests of the system and their attendants.

One fact remains which nobody can deny, and it is that the present economic system does not work well. It leads to excessive taxes and credit restrictions, to poverty, to unemployment and to the inconsistency of hardship in the midst of abundance.

The great brain-washed geniuses tell us that we know nothing about the banking system, but we are all aware of the great potentialities of Canada which could easily maintain three times its present population and our population has the right to insist upon an economy which will put order between purchasing power on the one hand and consumption on the other, leaving to individuals the right to free enterprise and giving them security and liberty, without paralysing them with taxes like this 11 per cent tax that the government is trying to justify.

[Mr. Latulippe.]

(Text):

The Deputy Chairman: Does this complete discussion on paragraph 1?

Paragraph agreed to.

Paragraphs 2 to 15 inclusive agreed to.

The Deputy Chairman: Paragraph 16?

Mr. Starr: Mr. Chairman, in connection with paragraph 16 I would—

Mr. Gordon: Mr. Chairman, I wish to direct the attention of hon. members to the change in the method of calculating—

The Deputy Chairman: Order. Would the minister tell me what paragraph he is referring to, please.

Mr. Gordon: I am referring to what I hope will be paragraph 18, Mr. Chairman.

Mr. Starr: I do not think we have reached paragraph 18 yet.

The Deputy Chairman: We are on paragraph 16.

Mr. Starr: On paragraph 16, Mr. Chairman, I wish to ask the Minister of Finance whether he has given consideration to the suggestions of the Canadian Construction Association as to possible amendments in order to clarify many of the matters that have to do with this tax and the procedure in respect of paragraphs 16 and 17. I think the minister has received their suggestions; they were submitted to him.

Mr. Gordon: Mr. Chairman, we have received the suggestions and considered them carefully, but I do not think we are in a position to meet them.

Paragraph agreed to.

Paragraph 17 agreed to.

Mr. Gordon: Mr. Chairman, I wish to direct the attention of hon. members to the change in the method of calculating the sales tax on gasoline which was announced in the budget speech. The action proposed is to withdraw a discount heretofore granted for sales tax calculation purposes. Because this was an administrative change which would not require an amendment to the act, no paragraph relating to this measure was placed in the excise tax resolutions. I have come to the conclusion, however, that the implementation of this administrative change should be accompanied by a change in the application of the tax to imports of gasoline and related fuels.

It is considered advisable to license importers of gasoline, aviation fuel and diesel fuel and to require these importers, instead

of paying sales tax on the import price at the time of importation, to pay tax on their selling price at the time these products are sold by the importer or put to his own use. If this is to be done—and it is being done to put them on a comparable basis with domestic producers—the Excise Tax Act must be amended to place the importers of gasoline and related fuels in the same position as manufacturers or producers, for sales tax purposes. Although this is a part of the administrative change that was announced earlier, this step will necessitate a change in the act. It is customary to give notice of such amendments in the resolution, and therefore I wish to bring the matter to the attention of the committee and to ask that an appropriate paragraph be added to the resolution.

Mr. Garland: I move:

That the following paragraph be added to the excise tax resolution:

"18. That the said measure further provide that where a person has imported into Canada for sale or for his own use gasoline, aviation fuel or diesel oil and the aggregate duty paid value of the goods so imported by him in any period of twelve consecutive months commencing on or after August 1, 1963 exceeds three thousand dollars, he shall, for the purposes of Part VI of the said act, be deemed to be the manufacturer or producer in Canada of the goods so imported by him in that period, and not the importer thereof."

Amendment agreed to.

Resolution agreed to.

Resolution reported and concurred in.

EXCISE TAX ACT

Hon. Walter L. Gordon (Minister of Finance) moved for leave to introduce Bill No. C-90, to amend the Excise Tax Act.

Motion agreed to and bill read the first time.

The Acting Speaker (Mr. Batten): When shall the said bill be read a second time?

Some hon. Members: Now.

Mr. Pickersgill: By leave.

Mr. Gordon moved the second reading of the bill.

Mr. Pickersgill: Mr. Speaker, I wonder if I could make a suggestion to the house, that we give second reading, go into committee, and there will be no exception taken to any reasonable speeches on the first clause in committee?

Mr. Churchill: That would be agreeable, Mr. Speaker, if you would put the motion again.

The Acting Speaker (Mr. Batten): Mr. Gordon moves that Bill No. C-90, to amend the Excise Tax Act, be now read a second time.

Mr. Churchill: On division.

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

On clause 1.

Mr. Pickersgill: Mr. Chairman, just before we proceed I wonder whether it would be agreeable to the committee to go on, say, till half past ten to see if we could make some progress?

Some hon. Members: Agreed.

The Deputy Chairman: Is it agreed that the committee shall carry on till 10.30?

Some hon. Members: Agreed.

Mr. Slogan: Mr. Chairman, in rising to say a few words on this bill I might say that I would describe it as a G-string bill, trying to dress up the body of a budget which is now pretty nude. In discussing this first clause perhaps we could look toward the objectives outlined during the last campaign by the Minister of Finance and other spokesmen for the Liberal party. The present minister of external affairs said that the object would be to create a million jobs in the next five years, and that this object would be obtained. It seems to me that the provisions of this bill will do nothing of the sort but will tend to do exactly the opposite. Hon. members talked of increasing trade, of stimulating a stagnant economy and of balancing the budget. I think this bill which is before us will do nothing of the sort. Certainly some of the provisions are designed to stimulate the economy; but on the other hand the government has done so much to harm the economy that it is very doubtful that it will reach its objective. Indeed, I am reminded of the story a professor tells of a frog, where if you put a frog in a pan and you pour hot water on it, it will jump out; but if you put the same frog in a pan and you start with cool or lukewarm water and keep making the water hotter, it sits there and is roasted. Now that is exactly the position of the Canadian taxpayer. When this 11 per cent tax was placed on him all at once, he jumped out of the pan. Now the government is using a more scientific approach. It is starting at 4 per cent and it tends to make it hotter and hotter until the Canadian taxpayer is roasted.

It is hardly necessary to repeat all that has been said about the harm these measures are doing to the Canadian economy. When I listened to hon. members opposite speaking during the election campaign I was under the impression that they intended to get their increased revenue by expanding the gross national product, increasing the tax base

and so on. I certainly never heard anything during the campaign about increasing taxes. Now it is almost an obsession with them that nothing can be done to expand the economy unless taxation is increased. There was the $500 incentive toward house building in the winter months. There was a lowering of the interest rate and a lowering of the down payment—all positive measures. At the same time, the government brings in measures such as this tax on building materials which will cancel out all the goods which those incentives might have produced.

The hon. member for Lisgar mentioned unorganized territories and I would appreciate it if the minister would take into consideration the exemption of local government districts in the same way as municipalities with regard to sewage and drainage systems. I think there is no reason why people who do not have many of the amenities provided by municipalities should be bearing a larger tax in this respect and for this reason I should like to add my word to the remarks of those who have urged the minister to make this exemption.

What has this budget actually accomplished? First, I think it has created a great deal of uneasiness in the country. It has increased the burden on the average taxpayer. It has done something to destroy incentive as far as housebuilders and others in the construction industry are concerned, and employment is higher than it was last year. Where are all these answers which the Liberal party had to the problems of our economy? They said the economy was stagnating, even though under the previous government there was an increase of 8 per cent in the gross national product last year. This year, despite all the answers the Liberals pretended to have, the gross national product is expected to be less—something like 5 per cent. The measures in this budget have undone a lot of the good which was done by the former government in trying to provide incentives. The national house builders association has told us that the tax will add to the price of a home almost twice the amount by which the industry has reduced the cost in recent years as a result of research into new methods and materials.

I do not think there is anything in this budget which is comforting to the taxpayers of Canada. It all boils down to the bumbling, as it has been called, of the minister—the fact that he did not consult those people who could have advised him properly but that, instead, he brought in these amateurs. I do not think the Prime Minister can escape responsibility for the actions of his colleague. I think responsibility must be placed directly on his shoulders, along with those of the Minister of Finance and the Liberal party as a whole.

The actions of the minister have brought discredit on the government and his party. I think the people of Canada have lost confidence in the hon. gentleman. I believe that if he had taken the honourable course he would have resigned and made way for somebody who would have taken a new approach towards the problems which face us today. I think the Prime Minister must share some of the responsibility because he did not take the opportunity to shift the minister to a more pleasant post.

I do not intend to hold up this bill for very long. I could read a lot of letters which I have received from my constituents and others but I am sure the hon. member from Kootenay East would object. Besides, I do not think there is any necessity for me to do so because other speakers from this side have already done a very good job in bringing these points of view to the attention of the government and of the people of Canada. All I want to say is this: I hope the government will not compound mistake after mistake. I hope they will adopt some of the structive suggestions which have been put forward by some members of parliament, including, indeed, some which have undoubtedly been made by their own backbenchers. They have some able men over there and I think they should be taken into the confidence of the government and that consideration should be given to their views which, I believe, are not unlike our own on these matters, since they reflect public opinion.

This is a budget which has certainly been bungled, a budget such as we have probably never seen in Canadian history. If the party now forming the government cannot handle the affairs of the country in a much better way, the best thing it could do would be to resign and make way for a government which can. If they are so confident, perhaps they should take these measures before the people of Canada and let them reach a decision.

Mr. Leboe: I rise to say a few words on the first clause. I am reminded that the hour is late and therefore I will perhaps be a little more brief than I would otherwise be. I do not think I will take any more than half an hour.

Some hon. Members: Oh.

Mr. Leboe: When I heard the tirade which came from the Leader of the Opposition this afternoon I was reminded that those who sit in minority parties in this house must have tough hides. With this statement I will pass

over the comments of some hon. members of the opposition. I will only say that we who sit in minority groups feel in many instances that it is a matter of the skunk saying: "I smell something". The charges and countercharges which are going back and forth across the house make us wonder what the ultimate goal of some of the people in parliament really is. With that, I will leave that part of the business and go on to deal with what I want to say to the Minister of Finance. He has been waiting for some time now for me to make a speech and I do not want to disappoint him too much. I believe the minister said there were three avenues open to him in the raising of revenue, an increase in the income tax, an increase in the sales tax across the board or an increase in the corporation tax. I should like to say to the minister that I do not believe it is necessary to increase taxation at all. I think that what we needed to do was not to increase taxation but to put the unemployed back to work, so that instead of these people being a drain on our economy they would be producers and taxpayers and thereby we would not need this increase in taxation.

I certainly believe that if we continue the concept that the minister has put forward, and I think he is sincere, we are going to pile tax on tax until finally we will find ourselves in a state of collapse, because we will not be able to carry on with increased unemployment and more people as a drain on the public treasury, which is actually the economy, and also be developing a situation where there will be fewer taxpayers. If we are going to solve this problem, surely we must have more taxpayers and fewer people out of work. This is the objective.

Having said that, I believe that a solution to the problem can be found. I think the problem can be met through a public works program that will put people to work. I do not say that all our unemployed people can be employed in this way, but certainly if a number of them can be employed in this way they will become markets, as I said before in another debate, for goods and services to which industry would respond. Therefore we would be getting taxes from these people who were on payrolls and we would also be getting taxes from industry that would be producing the goods to supply the needs of these people. Therefore I think we should be looking in this direction.

I am trying to hurry along. The question comes up: Where are we going to get the money? Where does the money come from? I am going to ask the minister to tell me when he gets up to speak on this matter where money comes from. I would ask him to explain to the committee in detail where money comes from, and it should not take him any more than about 15 words to do so. I am not telling him but I would hope that he would tell the committee.

I come from bush country and I have seen a lot of trees, but I have never seen money growing on them. If we need more money, I would certainly expect that the minister would be able to tell us where that money is going to come from. When we bring in outside capital, about which we hear so much, we are monetizing our resources. I used to explain this in a neat little hypothetical way, but it brings home the point. I used to draw a picture of a stump and I would ask the individual whether or not he knew what it was. He would say it was a stump. I would then draw a picture of a factory and I would say, "What is that?" He would say it was an industry of some kind. I would say that the stump is what the outside investor sits on while we in Canada build factories and industries with our own hands and our own resources, and after we have built them with our own labour and our own resources the fellow from outside our country sitting on the stump owns them.

This is the point. If we know where money comes from and it takes capital to put our people back to work, surely we do not have to depend on outside sources. Suppose Canada were the whole world. What would we do for money from the outside? There would not be any such money. Surely we must find out where the money is going to come from. I expect the minister is going to tell me where it comes from, but in case he needs a little help I should like to put on the record a few quotations. First of all, I should like to quote from the minister, because at this time I do not know anybody better to quote than the minister himself. This is what he had to say, as found on page 1000 of *Hansard* of June 13 last:

> I wish to say a further word about the relationship between the government and the Bank of Canada. In the last analysis it is the government that must take responsibility for monetary policy . . . There can be no misunderstanding on this score.

I was glad to hear the minister say that because it really did my heart good.

> At the same time the government recognizes that this does not relieve the bank of its own responsibilities in these matters.

Those are good words. I should like to link them with words of a former governor of the Bank of Canada, Mr. Graham Towers. They are found in the proceedings of the committee on banking and commerce in 1939, and I refer to page 29 where Mr. Towers had this to say.

It has been quoted before but I should like to do so again. He said:

A government can find money in three ways: by taxation—

That is what my friend over here is working on. Apparently that is as far as he got in reading Mr. Towers' remarks. He just got as far as the first method.

—or they might find it by borrowing the savings of the people—

I do not know whether he has any idea of dipping into them. He has not said so in this debate.

—or they might find it by action which is allied with an expansive monetary policy, that is, borrowing which creates additional money in the process.

We can get money here, it seems to me, but I would hope that the minister would not borrow from the chartered banks. I would hope he would borrow from the Bank of Canada which can do exactly the same thing as the chartered banks if he will only let the Bank of Canada do it. I should like to say here that I am only thinking of borrowing for public account, public capital, and not for industrial capital. I should like to make it clear that we believe we have one of the best banking systems in the world right here in Canada.

In addition, the industrial development bank as it is constituted today is an organization that we should seriously consider replacing with a municipal development bank. Let the banking system look after the needs of industry. Let us broaden our base, if necessary, and that will give industry a better chance to grow. It will give them a little bit of leeway so they can breathe better. I think this makes common sense and I believe that on reflection the minister will agree that this is so. As found on page 238 of the same committee proceedings Mr. Towers had this to say:

When a million dollars worth of bonds is presented—

By the government.

—to the bank a million dollars of new money or the equivalent is created.

So we find that there is a place to get money. Therefore if we can get money so these people can go to work they will become taxpayers and will broaden the tax base so that we will not have to have this tax about which the hon. gentleman is worried. I know he has been worrying about it because there have been a lot of people worrying him about it. I will not say anything more because he has had a hatful of worries. There is no doubt of that. I am not egotistical enough to think what I say tonight is going to make any impression compared with the presentations made to him so far.

[Mr. Leboe.]

An hon. Member: Favourable letters too.

Mr. Leboe: I do not think the favourable letters were very many. I am quite certain about that. Otherwise he would not have had the worried look he has had for the last few days. The little stroke of business that took place last week end has helped him somewhat, but that was only a sort of sidelight. We have found out where we can get the amount of money that is needed to put people to work. The amount of money that is needed can be actuarially determined. If, with our computers, we can make mathematical calculations to the extent that we know when the eclipses are going to occur and where they are going to cross the earth, surely we can calculate how much money is going to be needed to carry on our economy in a healthy condition.

This brings me to a consideration of the words "inflation" and "deflation". I believe that the only way to deal with the proposition of money at any time is to deal with it in the light of inflation or deflation. It has been said many times that as Social Crediters we want to get the printing presses going to run off money by the bushel. Well, that is just so much nonsense. No Social Crediter ever had that thought. If he said that he was a Social Crediter, he was only a disguised Liberal or Conservative. We know so well we have to have some balance in connection with the creation of new money. I do not believe the minister will deny the fact that when a chartered bank buys a bond, that is a government bond, it creates the money it uses to buy that bond. I do not believe he will deny that. I think if you transfer the position of the chartered banks to the Bank of Canada, then when the Bank of Canada buys the bond it will create money against the assets, the bond, thereby increasing the money supply.

This practice is the same in Canada as it is in the United States. I should like to put on the record something which has been put on the record before in this connection, but I believe it is worth repeating. Some people do not read the same parts of *Hansard*. As a matter of fact, I believe few people read it. Robert B. Anderson, secretary of the treasury, was speaking before the Associated Press of New York city on April 20, 1959, and this is what he said:

Now, suppose I wanted to write cheques for a hundred million dollars—

They speak of big money, these fellows.

—starting tomorrow morning, but the treasury was out of money. If I called up a bank and said, "Will you loan me one hundred million dollars at 3½ per cent for six months if I send you over a note to that effect?" the banker would probably say, "Yes, I will."

You see, he is a good banker.

"Where would he get the one hundred million dollars with which to credit the account of the United States treasury? Would he take it from the account of someone else? No, certainly not. He would merely create that much money, subject to reserve requirements, by crediting our account in that sum and accepting the government's note as an asset."

So, you see, he created $100 million. He goes on to say this:

"When I had finished writing cheques for one hundred millions, the operation would have added that sum to the money supply. Now certainly that approaches the same degree of monetization as if I had called down to the bureau of engraving and printing and said, 'Please print me up 100 million dollars worth of greenbacks which I can pay out tomorrow'."

Then, we bring in the need for alertness, so far as inflation is concerned. Certainly, we must know that this creation of money will not be so great as to cause a rise in prices. We are under contract today which does not allow the free flow of prices up and down according to the money supply. I think the minister will agree with this. The paper companies on the west coast were accused of having a combine in connection with their prices. However, the investigation went right from the cutting of the log, and the transportation of the log to the putting of it through the pulp plant, and it was ascertained each pulp mill had the same costs all the way down the line. The end price was the same. All these items were under contract prices, so we have a basis of price control by the fact that the costs of these operations of these companies are controlled. We have, therefore, a measure of price control imposed upon us. There is no such thing as the free play of supply and demand.

Now, in so far as this business of writing cheques is concerned, I have handed the minister this piece of paper before. However, he was kind enough not to say anything to me, in case I took it up in this speech. Someone just handed me a note to the effect that the chartered banks have created $5,241 million from January 1, 1955 to July 3, 1963, an eight-year period.

The minister has stated, Mr. Chairman, that he would like to see the time when we could balance our budget. We know that this balancing of budgets is wrong; that is not going to bring prosperity. History tells us that. The United States, for instance, has a debt of $300 billion. Lots of people who call themselves economists will relate this to the gross national product. What they are saying, in effect, is this: If I go out and hew a thousand ties, I must owe somebody for the thousand ties. This is not common sense, but this is what they are trying to tell you. We must expand our money supply through a debt system, and it is all right to expand it according to the gross national product.

I say to the minister we do not need to go into debt at all for the public capital which is necessary to put these few people I am talking about to work, so that they will become taxpayers and we will be able to take them off the backs of the present taxpayer. We can talk about pensions, portable pensions and all this type of thing. I want to tell you a pension is no good unless there is somebody producing to meet the demands of that pension. We all know that. The fellow who was lost in northern British Columbia and had a lot of money and a lot of time to think, would take these thousand dollar bills out and count them one at a time. He was as hungry as all get out. It did not help him very muct.

We can talk about all kinds of pensions, but if we had inflation, it would rob our pensioners. The type of policy that is being followed here, Mr. Chairman, is one that eventually will rob our pensioners more and more. The cost of living is bound to rise under this structure of taxation. Let us get these people building schools, hospitals, roads, bridges, court houses, wharves, airports, airstrips, trails in the forest for the protection of our forests and so on. Let us do some of these things. Then, we will have an asset for the work they have done, and in return for that asset we will pay them from money that is raised in exactly the same way as we can raise it here. If we insist on increasing the national debt to have prosperity, instead of having it in the manner I have outlined, then I will go along with my friends to the left and say let us do it, and let us get prosperity.

However, let us get away from this taxing ourselves to death. If we carry on in this way we are going to find ourselves taxed to the point where our whole economy is going to collapse. We have to put our men to work. We have to make taxpayers out of them so that they can carry on in the normal way and live a decent life.

I should like to make just one short reference before I sit down, and that is a reference to British Columbia. The other day I whispered quietly to the minister that he should have Bennett over here to talk to him. I see that he has skipped out somewhere and will not be here for the conference. I had hoped he would be here so that we could get together and do something about this matter. I see that, according to the press, British Columbia has a budget surplus of $56 million for last year. Now, this is quite a sizeable budget surplus. I think the Minister of Finance could get some business along that line if he

wanted to use the Bank of Canada. However, perhaps his hands are tied. I cannot see from here, but perhaps his hands are tied.

I shall just quote this and then sit down. We have heard that British Columbia has some sneaky ways of keeping its accounts. Well, Mr. Chairman, the *Financial Times* of August 7, 1959, had this to say in a first line editorial:

> Perhaps the showmanship on the occasion of B.C.'s bond burning last week was extravagant but the achievement was real.
>
> When Premier W. A. C. Bennett of British Columbia, in an elaborate ritual—

and it was elaborate, I saw it myself

> —consigned some $70 million of cancelled bonds to the fire, thus wiping out the balance of the provinces direct debt which stood at $191 million seven years ago, he accomplished something which taxpayers all over Canada wish could be done in the name of their own provinces (and of Ottawa too).
>
> But politics creates strange moods. There has been an extraordinary amount of carping; charges of trickery have been raised and fingers are pointed at the direct or contingent debt of the province. The critics have really made hay out of their disapproval of the Bennett claims, although they are on very poor ground indeed.
>
> There is a difference, a very real difference, between direct and contingent debts; between debts the service of which is a direct charge on all government revenues on the one hand, and debts which are largely, or wholly, self-sustaining, occasionally even self-amortizing, such as the bonds issued by provincial power commissions, toll highway commissions and similar government agencies.
>
> An indirect provincial debt is simply one the service of which is guaranteed by the province in the unlikely event that a power commission, etc., would default on its own obligations.
>
> In times of generally rising government direct debts and the steady growth of interest requirements on such debts, one would have thought that B.C.'s achievement would be greeted with serious interest. However, the fact that it was done by a government that happens to label itself "Social Credit" was enough to bring out venom and ridicule.
>
> It is said that substantial sales taxes were needed to retire the debt. But at least these taxes did have this result. We note very high sales taxes in other provinces (and in Ottawa) without any evidence that a similar result is even contemplated. This is one instance where emulation rather than carping is definitely in order.

Here we have an example of a good province, a real up-and-coming province, a province that is not afraid to tackle the Peace river dam at a cost of $600 million and the Columbia river dam at a cost of another $600 million. It is a province that has got drive and ambition.

In closing I would like to say that if we think we can kill unemployment in British Columbia by our expansion, we know very well we never will. That would be the craziest thought, because everybody wants to come to British Columbia.

The Deputy Chairman: Shall clause 1 carry?

[Mr. Leboe.]

Mr. Korchinski: The point I want to raise, substantiating the argument raised by the hon. member for Lisgar a few moments ago, is in connection with the installation of sewerage and drainage systems in an area which is not an organized municipality. It seems to me that the provisions are somewhat discriminatory against those areas that at present cannot qualify for a government grant. I am thinking in terms of small villages, hamlets, and in particular farm installations.

In the province of Saskatchewan the present hon. member for Burnaby-Coquitlam made quite a big issue at one time of the fact that he was going to get rid of the old-fashioned outhouses. He got quite a reputation for that. However since he came to Ottawa he seemed to have lost his desire to get rid of them.

I would like the minister to comment on this particular point because these little villages need more improvements than perhaps some of the larger organized areas, and would be discriminated against if the present tax is left as it is.

Mr. Simpson: I would like to add a few thoughts to what the hon. member for Mackenzie has said in respect to exemptions which apply to municipalities. I know it is unreasonable to assume the budget can be changed to suit everything, but when worthwhile suggestions are put forward we certainly hope the minister will give consideration to them.

At least three quarters of my constituency is composed of areas which are rapidly developing but which are not considered to be municipalities. Many of them are classed as local government districts, and according to the bill these areas will not have the same advantages as organized or recognized municipalities. I wonder would the minister tell us whether these areas, which are already set up under provincial status as local government districts, would be considered in the same light as municipalities in regard to certain exemptions, particularly those relating to sewerage and drainage systems.

Mr. Gordon: I will be glad to look into this, but I am afraid I cannot answer the question right at the moment.

Clause agreed to.

Clauses 2 and 3 agreed to.

On clause 4—*Refund of tax paid on goods for use in sewerage or drainage systems.*

Mr. Simpson: This is the particular clause in which I am interested. It is difficult to allow it to pass unless we can be assured that some consideration is being given to the

pleas made. Many of the areas in northern Manitoba—and of course I realize in other parts of Canada as well—are not considered to be municipal bodies, but they are administered under provincial status as local government districts. The officers in charge, and in some cases the elected representatives, are carrying out the same duties as people elected in municipalities. However these areas are not municipal districts, but despite this fact they should be given the same consideration. I hope the minister will give an appropriate answer very shortly.

Some of these areas are fairly well developed. Others have plans for putting in sewerage systems, and it is going to be very difficult for them if they are to be taxable while adjacent municipalities are not.

Mr. Gordon: I think the hon. member will agree with me that this is a very complicated and complex question. It is difficult to know where to draw the line, but I would be glad to see that this matter is studied very carefully before the next budget is brought down.

Mr. Pugh: I wonder if the minister, at the same time, could consult with the Minister of Public Works under which C.M.H.C. operates. The C.M.H.C loans are restricted as well.

Mr. Pickersgill: National revenue.

Mr. Pugh: Thank you; national revenue. The reason for raising this question is that, for example, there are places in my constituency and others such as Churchill to which loans are not available for this purpose. It is most important from the point of view of early planning. If you can look ahead and feel that money can be raised at an early stage rather than later on, these areas, when they do become municipalities, will save a considerable amount of money.

Mr. Gordon: I will be glad to look into that question, Mr. Chairman.

Mr. Olson: Mr. Chairman, I will be just about 30 seconds. Perhaps it would be helpful if the minister would consult with the provinces and be prepared to accept the exemption for materials purchased in the name of the province, if they declared them for municipal purposes. I wonder whether the department would accept this declaration.

Mr. Korchinski: I have just one more point, Mr. Chairman. In his considerations I hope the minister will remember that there are places such as one I can think of particularly in my area, which is along the roads to resources program where there is a new resort springing up. It will take quite a few years before this becomes an organized area. Would the minister take that type of situation into consideration?

Mr. Gordon: I will be glad to do so.

Mr. Simpson: Mr. Chairman, I would like the minister, when considering this matter, to realize that these places I am talking about are, as I mentioned, being developed rapidly. In northern Manitoba, for instance, there is the new townsite of Thompson, with a population of well over 8,000 now, I would say, which is not in a municipality; it is in a local government district. We have Snow Lake, Lynn Lake, the townsite of Churchill and others. These places are now being administered by a local government administrator appointed by the province of Manitoba. They are established towns; some of them are fairly heavily populated. I think they should therefore be given every consideration that a recognized municipality is given under this act.

Mr. Gordon: Mr. Chairman, I thank the hon. member for his suggestion.

Mr. Fairweather: Mr. Chairman, I wonder whether the minister's advisers could answer this question. I wonder if there is not a point here as to the definition of "municipality". The definition of "municipality" may well be wide enough to include these unorganized areas. What is the definition of "municipality"?

Mr. Thompson: Mr. Chairman, a number of questions have been asked and I would like to hear an answer to some of them. The hon. member for Medicine Hat asked a question, as did other hon. members. Could not the minister answer the questions he has been asked?

Mr. Fairweather: What is the definition of "municipality"?

Mr. Gordon: If I may answer that question first, Mr. Chairman, there is not a definition of "municipality" under this act, because they are different in each province. That may be the reason. As far as I know, there has never been a definition in the act.

Mr. Korchinski: For example, we could have in the province of Saskatchewan the situation where the province buys some material and an individual goes to the province to purchase whatever is necessary for the installation of a sewerage system. Would that person be exempt from this tax, or not?

Mr. Olson: Mr. Chairman, I suggested a few minutes ago that I think the minister can get around all these problems if he will accept the declaration of the province that these materials will be used for municipal

purposes, even though they are used in a local improvement district, or in some provinces what they call a local government district, and so on. In Alberta they happen to be called local improvement districts, but they operate in the same way except they are administered by the different municipal districts rather than the local government.

Mr. Gordon: Mr. Chairman, the reason I am hesitant to accept all these suggestions at the moment is that this is really a rather complicated subject. I am grateful for the suggestions, but I would like to have an opportunity to study them carefully before reaching a conclusion. I think the suggestion of the hon. member is a good one to study, but I am just a little fearful that it may have some hooks in it or some complications, and I would like a chance to look into it.

Mr. Olson: I can appreciate that, Mr. Chairman, but I wonder whether the minister would undertake to answer the questions that have been raised on clause 4 at some stage before this bill is passed through committee and given third reading?

Mr. Gordon: I will be glad to do so on third reading, Mr. Chairman.

Mr. Fairweather: I think there is a point here, Mr. Chairman, that tomorrow it is our understanding that there is to be a conference between the federal and provincial people on the municipal loans fund. Here, surely, is a perfect opportunity for the ten provinces and the federal government to come to an agreement as to what is a municipality. Perhaps if we stood the clause until we have had the assistance of the provinces, we would make some progress.

Mr. Gordon: I doubt whether at this conference tomorrow the provinces will get down to this question, Mr. Chairman. If they do, I will be delighted.

Mr. Fairweather: I thought that was the point.

Mr. Gordon: It is just possible, though, that it will be a short conference, and there are two rather important subjects which have to be considered. If there is any possibility of raising the point the hon. gentleman has mentioned, I will be glad to do that.

(Translation):

Mr. Martineau: Mr. Chairman, I am of the opinion that my hon. friend from Royal (Mr. Fairweather) has raised a very important matter. In fact, if we passed that section as it stands now, we would give the minister the right to define what is a municipality and we would thus encroach once again on provincial jurisdiction, because everyone knows that the municipalities are the creatures of the provinces.

I am convinced that the Minister of Citizenship and Immigration (Mr. Favreau), who is listening now, agrees with me. That is why I hold that this important question should be submitted to the federal-provincial conference that will be held tomorrow. I submit that it deserves special consideration, even if we do not go as far as letting that article stand tonight.

(Text):

The Deputy Chairman: Shall clause 4 carry?

Mr. Simpson: Mr. Chairman, there has been a suggestion that the minister should consider accepting the decision of the province as to whether these places that I have mentioned are to be given the same consideration as will be given to municipalities. I am quite sure that if we could obtain some assurance that a plan of this nature would be adopted, we would be quite willing to go along with it. But I think we would have to have some assurance that some such plan would be adopted for the protection of these various places which at the present time are not considered to be municipalities.

Mr. Gordon: Mr. Chairman, I have undertaken to study this matter. There will be a record in today's *Hansard* of all the suggestions that have been put forward. But I do not think I am in a position to give any undertakings. For instance, the hon. member mentioned Thompson as one of these areas. It may be that the International Nickel Company is building the sewerage systems there; I dare say it is, but I do not know. This is the sort of thing I should like to look into before reaching any conclusion.

Mr. Simpson: Mr. Chairman, I can accept that reply to a degree, because to a certain extent this is being done under agreement. But I am quite sure we all realize that this will not continue indefinitely in Thompson. The population is 8,000 now, or somewhere near that figure, and it is expected to reach 20,000 or 25,000. If it remains a local government district, the people are going to have to pay for those additional installations. As I said, this also applies to Snow Lake, Lynn Lake, Churchill, and many of the areas in the Swan river valley which are not municipalities.

Mr. Barnett: It seems to me the subject matter which has been raised with regard to what are referred to as near municipal situations, which apparently in the province of Alberta as well as British Columbia are referred to as local improvement districts, is quite an important subject. My understanding is that certain arrangements covering these things have been worked out. There is an accumulation of experience in the field of municipal winter works programs, which have

also been arranged so that in some cases our Indian reserves have been able to qualify. It seems to me that a simple rearrangement of the drafting of this might make it possible under legal regulations that these matters could be included. As I recall it, it was agreed that we would sit till 10.30 and we have gone considerably past that time now. I think if we were to recess now we can proceed later with the remaining clauses. We certainly got past clause 1 very quickly and the minister should be able to bring in any minor modifications which might be required to meet any objections. Therefore I suggest that we should, to use a colloquial expression, call it a day.

(Translation):

Mr. Paul: Mr. Chairman, I readily endorse the remarks made by the hon. member for Royal (Mr. Fairweather) and the hon. member for Pontiac-Temiscamingue (Mr. Martineau), and I wonder whether the minister would not consider the advisability of replacing the word "declared" which appears in the last line of section 4 by the word "recognized".

By complying with this suggestion, I do not believe that the minister would be making a municipality out of an agency, but on the contrary, he would recognize an agency already established by a province. Indeed, if we read the text as it is drafted, we find there is some danger that this interpretation would constitute an interference in the legislation pertaining to municipalities which comes under provincial jurisdiction, whereas if the minister would recognize the existence of a municipality, it would simply be a recognition in fact rather than the establishment of an agency by right.

Mr. Martineau: Mr. Chairman, I agree with the views expressed by the hon. member for Berthier-Maskinonge-Delanaudiere (Mr. Paul) and I suggest the amendment he put forth be accepted.

I would suggest, however, that the words "for the purposes of this act" be added. In that way, the minister would not take the place of the provincial authority, for if he incorporated a municipality or declared an agency to be a municipality, in my humble opinion, he would be going beyond his powers.

(Text):

Mr. Fairweather: I know this problem is sticky—

Mr. Knowles: Ten thirty.

Mr. Fairweather: Thank you.

The Deputy Chairman: Shall the clause carry?

Mr. Fairweather: Could the minister not accept the definition of a municipality as one which is duly declared to be such by the minister of municipal affairs for the respective province? The municipalities are the creatures of the provinces. A conference is being held tomorrow to iron all this out, and I should like to see a little more leeway. The minister is being sticky on this and I should like to see some leeway.

Mr. Gordon: With the greatest respect I am not trying to be sticky. I think we are all feeling a little sticky in this kind of temperature. All I said was that this was a complicated subject, and I should like to take all the suggestions which have been made into account before arriving at a snap judgment.

Mr. McIntosh: We are asking for a definition of one word, and responsible ministers are concerned. Rather than take the definition of one of the officials or of the minister, why not consult a specified dictionary? The minister can take a choice and we will accept it. Because there are other words which have not been defined and about which we are going to argue. We have been caught on this before and do not want to be caught again.

Mr. Martineau: Mr. Chairman, this is a complicated matter. Moreover, as someone has called it 10.30 perhaps the minister would consider it overnight and tomorrow come up with a suitable amendment, which would certainly be accepted by us on this side.

Mr. Olson: The last four lines of this clause have already provided for what we are asking, as far as I am concerned. This is a matter of definition. The last four lines read:

> —and for the purposes of this subsection any agency operating a sewerage or drainage system for or on behalf of a municipality may be declared by the minister to be a municipality.

If a province declares a local improvement area, a local government area, or some other area to be a municipality for the operation of that area, I think the minister has made provision here; but we need to have some assurance that we will not run into this problem of definition.

Mr. McIntosh: You said "I think" at the end of the sentence.

Mr. Barnett: I agree in part with what the hon. member for Medicine Hat is driving at, but as I read that clause it appears to me that if the words "for or on behalf of a municipality" were deleted, the clause would then read:

> —any agency operating a sewerage and drainage system may be declared by the minister to be a municipality.

That wording appeals to me as moving in the direction argued for by the hon. member for Medicine Hat.

The Deputy Chairman: Shall clause 4 carry?

Some hon. Members: No.

Mr. Churchill: May I make a suggestion here for consideration. I think an important point has been made by various members. If there is no controversy with regard to clauses 5, 6, 7, 8 and 9 we might pass those tonight and stand clause 4. Overnight let the drafters get busy and produce, as they always have in the past, a solution to this problem.

Mr. Pickersgill: I think that is an admirable suggestion.

Mr. Fisher: I have an amendment I want to move to clause 5. If you are going to stand clause 4 you might as well stand clause 5.

The Deputy Chairman: Is it agreed that the committee shall stand clauses 4 and 5?

Some hon. Members: Agreed.

Clauses 4 and 5 stand.

On clause 6.

Mr. McIntosh: I should like to have a definition of a "farm wagon".

Mr. Nasserden: Mr. Chairman, it is now ten minutes to eleven and a number of matters remain to be dealt with. I think we should call it 10.30 as agreed.

Mr. Pickersgill: I think it seems pretty evident that we have made a fair amount of progress and there does not seem to be much prospect of making any more, so I move that the committee rise, report progress and ask leave to sit again on another day.

Clause 6 stands.

Progress reported.

BUSINESS OF THE HOUSE

Mr. Churchill: Would the leader of the house outline the business for tomorrow?

Mr. Pickersgill: Before doing that I should like to express genuine appreciation for the co-operation which hon. members have given on a day when, perhaps, co-operation was not as easy as it might have been on some other days when it was a little cooler.

Tomorrow, as I indicated earlier in the day, the government would like to take the supplementary estimate which was tabled today, unless there is any objection to doing so, with a view to adding it so that it might be included in the interim supply to be considered next week. Then we will go on with the estimates of the Department of Transport.

I am advised that there is agreement among all parties that I can make a motion to refer the report of the chief electoral officer to the committee on privileges and elections at the beginning of proceedings tomorrow and that there would be no debate. If that understanding is correct, I appreciate it very much and will be glad to do this.

Mr. Churchill: That is agreeable as far as we are concerned.

Mr. Thompson: That is agreeable to us.

Mr. Knowles: The same with us.

Mr. Pickersgill: Then, on Monday, I am advised there is general agreement on all sides of the house that if the government will put on the order paper the motion regarding the remuneration and pensions of members of parliament there would be no objection raised to going ahead with all stages except third reading on Monday. The third reading would be held over until the next day.

Some hon. Members: Hear, hear.

Mr. Pickersgill: If that correctly represents the sense of the house, and it can be so ordered, I will undertake that notice of the resolution will be given tomorrow evening so that it will appear in *Votes and Proceedings*. That provides the 48 hours' notice required by the rules. I have not sought unanimous consent for this, but I intend, also, to put in a notice respecting the Judges Act and I would hope it may receive similar treatment. I am not asking that this be done, but I would just hope it would be the case.

After those two matters have been dealt with on Monday, if there should be any time left, I know the Minister of Finance would like to complete this bill. We have made very good progress on it this evening. Then, perhaps, we could consider which of two other measures we might take, whether the surcharge legislation or the measure dealing with the economic council. I would consult with hon. gentlemen opposite if there were need for anything further to be added.

(Translation):

Mr. Guy Marcoux (Quebec-Montmorency): Mr. Speaker, on a point of order. In the French version of the *Votes and Proceedings* of the house, there is an error in the second part of question No. 1,080. Instead of Minister of Transport, it should read Minister of National Revenue.

I would be happy if that correction were made when the question is put on the order paper.

(Text):

It being fifty five minutes after ten o'clock, the house adjourned, without question put, pursuant to standing order.

HOUSE OF COMMONS

Friday, July 26, 1963

The house met at 11 a.m.

EXTERNAL AFFAIRS

AUSTRALIA—TABLING OF RESOLUTION ON DISARMAMENT

Mr. Speaker: By leave, I would like to lay on the table a copy of a resolution concerning world wide disarmament agreed to by the House of Representatives of the parliament of the Commonwealth of Australia on May 23, 1963, which has been forwarded to me by the Speaker of that house under cover of a letter dated July 18, 1963.

[*Later:*]

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, I should like to refer to the document which Your Honour tabled at the opening of today's sitting. In view of the interest I am sure there will be in the document you received from the commonwealth of Australia, I wonder whether the house would agree that it be printed as an appendix to today's *Hansard.*

Mr. Speaker: Is it the pleasure of the house to have the document tabled this morning printed as an appendix to *Hansard*?

Some hon. Members: Agreed.

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

NEWFOUNDLAND SAVINGS BANK ACT

REPEAL OF LEGISLATION

Hon. Mitchell Sharp (for the Minister of Finance) moved the first reading of Bill No. S-4 (from the Senate), to repeal the Newfoundland Savings Bank Act.

Motion agreed to and bill read the first time.

HARBOURS

APPROVAL OF AGREEMENT BETWEEN CANADA AND ONTARIO RESPECTING PUBLIC HARBOURS

Hon. G. J. McIlraith (Minister of Transport) moved the first reading of Bill No. S-5 (from the Senate), to approve an agreement between the government of Canada and the province of Ontario respecting public harbours.

Motion agreed to and bill read the first time.

EXTERNAL AFFAIRS

NUCLEAR TEST BAN AGREEMENT—POSSIBLE ADHERENCE OF FRANCE

On the orders of the day:

Right Hon. J. G. Diefenbaker (Leader of the Opposition): Mr. Speaker, I wish to direct a question to the Secretary of State for External Affairs and ask him whether representations have been made to President de Gaulle by the government of Canada with a view to securing his adherence to the nuclear test ban agreement. I realize that only a matter of hours has gone by since the signing of this agreement by the three nations concerned, but prior to that time had he discussed this matter, and what are his views as to the hopeful possibility of the adherence of France to the agreement?

Hon. Paul Martin (Secretary of State for External Affairs): Mr. Speaker, I want the Leader of the Opposition to know that I did note carefully what he said yesterday regarding any overture or initiative which might be taken by Canada concerning a matter as important as this. When the French foreign minister was in Ottawa two months ago I had an opportunity to discuss over a wide area a number of matters with him. The Leader of the Opposition will appreciate that in such a discussion matters of this kind were carefully canvassed. I would not want to be more specific in my reply at this time. May I add that on June 8 last, when speaking in Quebec I made this observation: Canada, as a North American country with its precious heritage of two cultures from its two mother countries, can play a useful role by exercising a discreet influence in order to bring about a still better Atlantic understanding. But, the task will not be easy. I am sure the Leader of the Opposition will understand that I cannot say any more at this time.

Hon. Paul Martineau (Pontiac-Temiscamingue): Mr. Speaker, a supplementary question following the answer given by the Secretary of State for External Affairs. I should like him to tell the house whether preliminary negotiations are now under way for a meeting between the Prime Minister and President de Gaulle this fall.

Mr. Martin (Essex East): Mr. Speaker, there have been some discussions about a visit by the Prime Minister some time in the course

of the next four or five months. Some arrangements have also been tentatively made for a visit by the Secretary of State for External Affairs some time in the month of December.

INQUIRY AS TO CANADA'S CONTRIBUTION TO WORLD FOOD PROGRAM

On the orders of the day:

Mr. E. Nasserden (Rosthern): I wish to direct a question to the Minister of Trade and Commerce arising out of his statement on Wednesday, July 24, when he said:

It is expected that the total allocation for this purpose—

He was referring to gifts of food, and to wheat in particular.

—might rise to a level of around $40 million per annum over the course of the next few years.

I wonder if the minister could indicate the target he has in mind for the year commencing August 1.

Hon. Mitchell Sharp (Minister of Trade and Commerce): No, Mr. Speaker. It would be much too early to make such an estimate. We shall be consulting with a number of other exporting countries and with the wheat board to make sure that we do not spoil any commercial markets by our aid. I would hope that after we have had these consultations we shall be in a position to have a more definite program than we have at the moment. However, as I said in my statement, and as has been emphasized by some hon. gentlemen opposite, it is most important when we undertake this program that it should result in a genuine increase in the disposal of Canadian wheat and flour.

Mr. S. J. Korchinski (Mackenzie): Has the department prepared a list of countries to which these gifts would go?

Mr. Sharp: We shall, of course, be examining a list of many countries. I do not think it would be in the public interest or in the interest of the wheat board to make public such a list.

IMMIGRATION

VISA EXEMPTIONS FOR TOURISTS FROM CERTAIN EUROPEAN COUNTRIES

On the orders of the day:

Mr. Joseph Macaluso (Hamilton West): Mr. Speaker, I wish to direct a question to the Minister of Citizenship and Immigration or, in his absence, to the acting minister. Does the minister intend to exempt from visa requirements the citizens of Spain, Italy and Greece coming to Canada as tourists for periods of less than three months, as has already been done in the case of citizens of a group of other European countries?

[Mr. Martin (Essex East).]

Hon. J. W. Pickersgill (Acting Minister of Citizenship and Immigration): Mr. Speaker, I believe the Minister of Citizenship and Immigration has been giving consideration to this problem, and I think he has the intention of making a statement on the mater, perhaps on Monday. I will bring the matter to his attention.

LABOUR RELATIONS

ACCEPTANCE BY UNIONS OF TEMPORARY GOVERNMENT TRUSTEESHIP

On the orders of the day:

Hon. Leon Balcer (Three Rivers): Mr. Speaker, I should like to ask a question of the Minister of Labour. Has he received assurances from the C.M.U., the national association of marine engineers and the Canadian merchant service guild that they would accept a temporary government trusteeship over their unions in accordance with the Norris report recommendations?

Hon. A. J. MacEachen (Minister of Labour): Mr. Speaker, this is one question I should like to take as notice because I should like to review the file on this particular matter to be absolutely sure.

Mr. Balcer: A supplementary question. I wonder whether the minister could tell us whether he has sought such assurances and has asked the unions for them?

Mr. MacEachen: No, Mr. Speaker, I have not sought the assurance of any of these particular unions.

Right Hon. J. G. Diefenbaker (Leader of the Opposition): Mr. Speaker, a supplementary question. Has the minister not been in consultation with the heads of various unions, and in particular with the C.L.C., in this regard, and has he received from the president of the C.L.C. acceptance of the principle of the appointment of trustees?

Mr. MacEachen: Mr. Speaker, I did have a meeting two days ago with the executive officers of the C.L.C. and we did discuss a number of matters, particularly the recommendations of the Norris report. I understood on my own part that these discussions were confidential, and that it would not be appropriate to report the attitude taken at that meeting by the officers of the congress.

Mr. Diefenbaker: Was it as a result of these conversations that there has been what I think is a delay in bringing before the house legislation in this regard? Is the delay and the examination now being made by the various officials a result of the representations which were made by the C.L.C.?

Mr. MacEachen: Mr. Speaker, if delay is defined as a lapse of time, then there has been delay in the discussion or consideration of the recommendations of the Norris report. I think hon. gentlemen generally would agree that because of the far reaching nature of the recommendations and the complexity of the whole problem, considerable care has to be taken in reaching what would be an effective decision in this matter.

Having said that, I should like to tell the Leader of the Opposition that there is no relationship between the length of time spent in considering this problem and the conference with the executive officers.

(Translation):

TRADE

SUGGESTION TO SELL BUTTER TO UNITED KINGDOM

On the orders of the day:

Mr. Clement Vincent (Nicolet-Yamaska): Mr. Speaker, it was my intention to put a question to the Minister of Agriculture, but since he is absent I shall direct it to the Minister of Trade and Commerce. In view of the shortage of butter in Europe at present, and especially in the United Kingdom, can the minister tell us whether he thinks that Canada will be able to sell butter to that country, as the previous government did in 1959, when sales of that product to England totalled $4 million?

(Text):

Hon. Mitchell Sharp (Minister of Trade and Commerce): I do not think we shall lose any opportunity of selling butter anywhere in the world but, as the hon. gentleman knows, the price of butter in Canada is higher than the world price generally. This does present a problem, because in order to meet competition in other parts of the world our butter has to be sold below its cost.

(Translation):

Mr. Vincent: A supplementary question, Mr. Speaker. According to the information I was given, if the price of butter increased a little in England, because of that shortage—

(Text):

Mr. Speaker: Order. The original question was really one for the order paper. If the supplementary is pressing, would the hon. member please present it; if not, would he kindly put it on the order paper?

(Translation):

EXPORTS OF DAIRY PRODUCTS

On the orders of the day:

Mr. L. J. Pigeon (Joliette-L'Assomption-Montcalm): Mr. Speaker, I should like to direct my last question for today to the Minister of Trade and Commerce. What steps does the minister intend to take to export our surplus dairy products?

(Text):

Hon. Mitchell Sharp (Minister of Trade and Commerce): Mr. Speaker, the hon. member was very kind in giving me notice of this question. In addition to the normal functions of the department in promoting trade, its main function being to keep industry aware of and to seek export opportunities, efforts are continuing on behalf of the dairy industry to secure more favourable terms of access for dairy products, particularly into the United States. Through the trade fair program Canadian dairy products, especially cheddar cheese, are being promoted in Japan, Australia and West Germany. A foothold has been obtained in the Nigerian market for sales of consumer sized packages of both skimmed milk powder and cheddar cheese. Prospects for the sale of dairy products through the establishment of milk recombining plants in newly developed countries, particularly in Africa, are being carefully studied and the industry is being kept informed of these developments.

The government also assists the industry to sell dairy products abroad through an export sales program on concentrated milk products. Quantities of dairy products are being made available also for use under the world food program. As I said earlier in reply to a question from another hon. member, the sale of Canadian butter abroad has been difficult since our domestic price level exceeds the world market price.

UNITED NATIONS

CANADIAN POSITION ON ADMISSION OF COMMUNIST CHINA

On the orders of the day:

Mr. L. J. Pigeon (Joliette-L'Assomption-Montcalm): I should like to address a question to the Minister of External Affairs. Is it the intention of the government to recommend the admission of communist China to membership in the United Nations?

(Translation):

Hon. Paul Martin (Secretary of State for External Affairs): Mr. Speaker, I feel I should let the hon. member know that, to my mind, his question probably stems from what I had the occasion to say yesterday before the committee on national defence.

I pointed out that my comments should not be interpreted as a proof that a new policy has been adopted concerning our relations with communist China, but that it was imperative to acknowledge the dangers inherent in communist China's attitude towards nuclear warfare.

If I am not mistaken, that is precisely what the right hon. Leader of the Opposition (Mr. Diefenbaker) had in mind yesterday, when he made, in the House of Commons, the following statement to be found on page 2602 of *Hansard*:

> I think a major challenge is presented to the nations of the western world today. Canada, the United States and other nations will have to take another look at our policy regarding communist China. We will have to review our thinking. We will have to consider the problem, and it is a tremendous one, in the perspective of changing events, and particularly in view of this agreement; because unless it includes communist China—and I do not want to mention France in the same paragraph—and we are able to secure the adherence of communist China, the threat of nuclear war will hang over us to a degree that we can only anticipate with foreboding, horror and overwhelming fear.

Mr. Speaker, I wish the house to know that I support unconditionally the words of the right hon. Leader of the Opposition.

(Text):

Right Hon. J. G. Diefenbaker (Leader of the Opposition): Mr. Speaker, I appreciate very much the lengthy quotation which made it possible for an intelligent answer to be given, but I am interested in knowing what the answer is to the question that was asked.

(Translation):

Mr. Pigeon: Mr. Speaker, I should like to put a supplementary question. Does the Canadian government intend to establish diplomatic relations with communist China?

Mr. Martin (Essex East): Mr. Speaker, I already said yesterday that the government has no such intention. In addition, the question has not been discussed by the cabinet—

(Text):

For the benefit of the Prime Minister, what I said in French—

Some hon. Members: Oh, oh.

Mr. Pigeon: He understands French very well.

Mr. Martin (Essex East): —for the benefit of the Leader of the Opposition, what I said was that there had been no discussion involving a change of policy in this matter. The quotation I used and which I applauded was, I believe, a wise statement made by the right hon. gentleman yesterday, and it was the kind of statement that I, less succinctly and less lucidly, I admit, made in the defence committee.

AIRPORTS

THE PAS, MAN.—REQUEST FOR IMPROVEMENT OF RUNWAYS

On the orders of the day:

Mr. Robert Simpson (Churchill): Mr. Speaker, I should like to direct a question to the Minister of Transport. In view of the fact that certain types of aircraft, particularly the Viscount, which normally fly a regular scheduled air service into the Department of Transport airport at The Pas, Manitoba, have recently been curtailed due to the deterioration of the runways, can the minister tell me what plans the department may have for rectifying this situation?

Hon. G. J. McIlraith (Minister of Transport): Mr. Speaker, I wonder whether the hon. gentleman would be content to have me deal with that matter on the estimates, which will be the first item of business called today. I could give him better information then than by attempting to answer the question now.

Mr. Simpson: If they are coming up today that will be fine.

FINANCE

REPORTED VIOLATION OF INTEREST CEILING BY CHARTERED BANKS

On the orders of the day:

Mr. H. A. Olson (Medicine Hat): Mr. Speaker, yesterday I directed a question to the Solicitor General respecting an allegation that the statutory limit of 6 per cent on loans by the chartered banks had been violated. His answer was that it would not be appropriate for a minister of the government to comment on such revelations. I wonder whether he would, on reflection, consider initiating some kind of investigation to ascertain whether the allegation is true, inasmuch as it involves the alleged violation of a federal statute.

Hon. J. Watson MacNaught (Solicitor General): Mr. Speaker, I shall refer the matter to my colleague the Minister of Justice, under whose jurisdiction it would more properly come.

(Translation):

INQUIRY OF THE MINISTRY

REQUEST FOR THE APPOINTMENT OF A FRENCH-SPEAKING ASSISTANT TO THE MINISTER OF INDUSTRY

On the orders of the day:

Mr. Maurice Côté (Chicoutimi): Mr. Speaker, in the absence of the Prime Minister may I ask a question of the Acting Prime Minister.

Could he tell the house whether a French-speaking assistant will be appointed to the new Minister of Industry in order to "promote" the interests of French Canada since it was not deemed appropriate to appoint a French speaking deputy minister?

Hon. Paul Martin (Acting Prime Minister): Mr. Speaker, I believe that the Prime Minister intends to answer this question probably next week.

(Text):

PARLIAMENT HILL

SHORTAGE OF PARKING SPACE DURING CHANGING OF THE GUARD

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, I wish to address a question to that natural negotiator, the Secretary of State for External Affairs. Last Thursday I asked the Minister of Public Works whether during the changing of the guard here on the hill the tourists, for that half hour, might be allowed to use the parking space reserved for the diplomatic corps, which was seldom occupied. The minister replied that the question was being considered. I should like to ask the Secretary of State for External Affairs if he would ask his friends in the diplomatic corps to volunteer this space, which they never use at this hour anyway, for the accommodation of tourists.

Hon. Paul Martin (Secretary of State for External Affairs): I think my friend will appreciate that his question has implications which even I cannot understand. I think the question had better rest there until Monday.

HEALTH AND WELFARE

CANCER—CHEMICALS IN INSECTICIDES AS POSSIBLE CAUSE

On the orders of the day:

Mr. P. B. Rynard (Simcoe East): In the absence of the Minister of National Health and Welfare I will address this question to the parliamentary secretary. I am wondering if the department has given any recent attention to a report from the United States that certain chemicals being used in insecticides are suspected of causing cancer in humans. I regret that I did not have the opportunity to give the parliamentary secretary notice of this question, and he might want to take this as notice.

Mr. Stanley Haidasz (Parliamentary Secretary to Minister of National Health and Welfare): Yes, Mr. Speaker, I should like to take this question as notice.

ATLANTIC DEVELOPMENT BOARD

INQUIRY AS TO MEETING WITH PREMIERS AND FURTHER APPOINTMENTS

On the orders of the day:

Mr. Robert C. Coates (Cumberland): I should like to direct a question to the Secretary of State. Would he care to make a report to the house on the meeting with the premiers of the four Atlantic provinces relative to the Atlantic development board? He might also be able to inform the house when we can expect the appointment of the six additional members to the board.

Hon. J. W. Pickersgill (Secretary of State): Mr. Speaker, there was a meeting yesterday for little over an hour with the Atlantic premiers and my colleagues from the Atlantic provinces, the Minister of Industry and the chairman and director of the Atlantic development board. I think it was generally agreed that there was a very useful exchange of views. Certain explanations were given about the plans the government hoped to see carried out by the department of industry, the area development agency and the Atlantic development board. I invited the premiers, as I said I would do here in the house, to appoint liaison officers to deal with the board to ensure continuous consultations and co-operation. The invitation was accepted by the four premiers.

In so far as the appointment of additional members to the board is concerned, I hope that as soon as the legislation, which has now been approved by both houses, has received royal assent it will be possible to make those appointments without any delay at all so that a meeting of the board may be held at the earliest possible moment.

HISTORIC SITES AND MONUMENTS

CAMPOBELLO ISLAND—PUBLIC ACCESS TO ROOSEVELT HOME

On the orders of the day:

Mr. R. Gordon L. Fairweather (Royal): I have a question for the Minister of Fisheries in his capacity as the minister representing New Brunswick. Will he take immediate steps, in the spirit of Hyannis Port, to clear away international red tape, which sounds more ominous than the national variety, and thus permit the public to visit the late President Franklin Roosevelt's summer home?

Hon. H. J. Robichaud (Minister of Fisheries): Mr. Speaker, this is a matter that does not come under the jurisdiction of the Department of Fisheries. I really doubt if there is such international red tape, but I shall bring the matter to the attention of the proper authorities.

DOMINION-PROVINCIAL CONFERENCE

INQUIRY AS TO INVITATIONS TO YUKON AND NORTHWEST TERRITORIES

On the orders of the day:

Mr. Gene Rheaume (Northwest Territories): I should like to direct a question to the Acting Prime Minister. On July 18 the Prime Minister promised me he would look into the possibility of having representatives of the Northwest Territories and Yukon governments participate in this conference today.

Inquiries of the Ministry

I wonder if the Acting Prime Minister could let me know whether that promise has been translated into any kind of action.

Hon. Paul Martin (Acting Prime Minister): I will bring this matter to the attention of the Prime Minister immediately, and I am sure he will deal with it on Monday.

HOUSE OF COMMONS

STANDARD OF DRESS IN CHAMBER AND GALLERIES

On the orders of the day:

Mr. Harold E. Winch (Vancouver East): I should like to address a question to a responsible minister and ask that consideration be given by Mr. Speaker to a problem that I think concerns all of us. In view of certain temperatures and humidities in the capital city, will consideration be given to what is known as conventional dress in the House of Commons, in view of the continual breakdown of the air conditioning system? At the same time, will the minister responsible for making representations to Mr. Speaker also give consideration to the situation, in the light of the temperature and humidity, when members like myself have guests from constituencies 3,000 miles away who are denied admission to the house on your invitation and signature, sir, because a teen age boys does not have a jacket and because the father is not wearing conventional trousers but is wearing shorts? I think, sir, we would all be interested in having Mr. Speaker take these questions under immediate advisement.

Hon. J. W. Pickersgill (Secretary of State): I am sure Mr. Speaker has heard the point.

Mr. Speaker: I have heard the point.

AIR CONDITIONING FOR TRANSLATORS' BOOTHS

On the orders of the day:

Mr. W. B. Nesbitt (Oxford): I should like to address a question to the Minister of Public Works, and I trust Your Honour might take note of it. In view of the fact that the present extreme heat wave is likely to last until the end of this part of the session, would the minister take into consideration over the week end installing, perhaps on a rental basis, air cooling devices in the booths where our translators have to do their work? I understand the present interior condition of these booths is like that of the black hole of Calcutta.

Hon. J. P. Deschatelets (Minister of Public Works): Mr. Speaker, in answering this question I might also answer part of the question asked by the hon. member for Vancouver East. I shall immediately bring this matter to the attention of the chief architect of the Department of Public Works.

[Mr. Rheaume.]

I might also say that we have already prepared a plan for general improvement of the building, so far as air conditioning is concerned, for the benefit of hon. members in their offices and also in the elevators. There are other improvements which we think ought to be carried out in the building. It is an old building which needs modernization, but we do not want to do it piecemeal.

I hope that when the house meets again in the fall we will be in a position to disclose the plans we have and, Mr. Speaker, we intend to proceed immediately with this work for the benefit of all hon. members.

Mr. Winch: As a supplementary question, in view of the statement made by the Minister of Public Works, and relating to the question I asked a few moments ago, when His Honour the Speaker is considering the members of the House of Commons and those in the gallery, will he also give consideration in dress to the members of the press gallery, who have to steam under even greater hardship than we do?

INQUIRY AS TO IMPROVEMENT OF PARKING FACILITIES

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, may I direct a question to the Minister of Public Works. My question is supplementary to the announcement he made to the effect that the government is preparing long range plans for improvements in the parliament buildings. In view of the parking problem on parliament hill, is the government giving consideration to the provision of underground parking as a means of increasing the amount of parking space available on the hill and at the same time preserving the beauty of the grounds that we have at this historic site?

Hon. J. P. Deschatelets (Minister of Public Works): Mr. Speaker, this is an important matter, no doubt because the parking facilities on the hill have developed into a very serious problem. For the past three weeks we have been considering three different plans, and one of them refers to underground parking. We think we will be in a position, perhaps within a month, to arrive at a decision as to which plan would be the best and would suit the present conditions. No doubt when hon. members return in the fall we will have a definite plan. I hope we will get it under way as soon as possible, because as I have said before, this is a very serious problem and something should be done this year.

NATIONAL DEFENCE

REQUEST FOR REPORT ON DISCUSSIONS WITH NATO COMMANDER

On the orders of the day:

Hon. Paul Martineau (Pontiac-Temiscamingue): I should like to ask a question of the Minister of National Defence. Following his talks with General Lemnitzer, the supreme allied commander for NATO, is he in a position to tell the house what will be the future role of the air squadron stationed in France?

Hon. Paul Hellyer (Minister of National Defence): No, Mr. Speaker, there is no immediate plan for a change. As I have already told the house, the entire purview of national defence policy for the future is under review.

Mr. Martineau: May I ask a supplementary question. Can the minister give some report on his talks with the general?

Mr. Hellyer: We had very interesting talks ranging over a wide variety of subjects of mutual interest. We discussed all the current problems involved in the defence of the central European area and how Canada could best contribute to it. I think the talks were very helpful to us in planning for the future.

Mr. Martineau: May I ask another supplementary question. In the course of the wide ranging talks, can he say if the question of equipping these Starfighters with nuclear arms came up?

Mr. Hellyer: Well, I would not care to recapitulate all the subjects that were discussed. We had a very good exchange of views on all these important matters.

SHIPPING

INQUIRY AS TO OWNERSHIP OF S.S. "TRITONICA"

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, may I direct a question to the Minister of Transport. My question has reference to the *Tritonica*, one of the ships to the sinking of which the minister referred in this house on Tuesday. In view of the fact that he gave us certain information, namely that the ship was registered in Bermuda, that it was manned mainly by a Chinese crew and that it was plying between two Canadian ports, can he also tell us who owned the ship?

Hon. G. J. McIlraith (Minister of Transport): Mr. Speaker, I am sorry I cannot give that information at the moment. I had it the other day but I have forgotten it. I will provide it later today.

Mr. Knowles: Will the minister find out if it was Canada Steamship Lines?

Mr. McIlraith: I will get the information later today and supply it to the hon. member.

GRAIN

REQUEST FOR EXTENSION OF DELIVERY PRIVILEGES

On the orders of the day:

Mr. J. E. Pascoe (Moose Jaw-Lake Centre): Mr. Speaker I have a question for the Minister of Trade and Commerce. Is the minister now in a position to answer the question I asked him last week regarding the possibility of wheat delivery privileges being extended past July 31, the end of this crop year, for those who have been unable to deliver their full crop quotas?

Hon. Mitchell Sharp (Minister of Trade and Commerce): Mr. Speaker, I have been in communication with the wheat board fairly continuously over the last few days over this problem of deliveries, and I hope to be able to make a statement setting out the position early next week.

(Translation):

NORTHERN AFAIRS

POSSIBLE TRANSFER OF NORTHERN QUEBEC ESKIMO AFFAIRS TO THE GOVERNMENT OF QUEBEC

On the orders of the day:

Mr. L. J. Pigeon (Joliette-L'Assomption-Montcalm): Mr. Speaker, in the absence of the Minister of Northern Affairs and National Resources, I would like to address my question to his parliamentary secretary. Since the officials have completed their reports in connection with the possible transfer of Eskimo affairs to the government of the province of Quebec, when will there be a meeting of representatives of the federal and provincial governments to effect the transfer?

Mr. J. N. Turner (Parliamentary Secretary to Minister of Northern Affairs and National Resources): Mr. Speaker, when the date is set, it will be announced in the house in the usual way.

PENSIONS

COMMUNICATION FROM A COMPANY

On the orders of the day:

Hon. Paul Martineau (Pontiac-Temiscamingue): Mr. Speaker, before we proceed with the orders of the day, I have a question I should have liked to ask the Minister of National Health and Welfare. In her absence, I shall direct it to her parliamentary secretary. Has the minister received any communication from the firm of Alexander & Alexander Services

Limited concerning the Canada pension plan and, if so, does she intend to inform the house about it?

Mr. Stanley Haidasz (Parliamentary Secretary to Minister of National Health and Welfare): Mr. Speaker, I shall take the hon. member's question as notice and pass it on to the minister.

(Text):

TRADE AND COMMERCE

PUBLICATIONS OF TRAVEL BUREAU IN BOTH LANGUAGES

On the orders of the day:

Hon. Mitchell Sharp (Minister of Trade and Commerce): Mr. Speaker, yesterday the hon. member for St. Hyacinthe-Bagot asked me whether a publication entitled *Circle Tour from Trans-Canada Highway* would be published in French. As hon. members know, the Canadian government travel bureau is concerned with attracting tourists to Canada; therefore this publication, which was directed particularly to the United States, was published only in English.

Recently the bureau has been extending its activities into Europe. It has an office now functioning in London, and shortly we intend to extend the travel bureau's activities to France and Germany. This will, of course, make necessary the publication in French and German, and perhaps in other languages, of the publications which hitherto have been directed particularly to the United States.

PUBLIC WORKS

CANAL BRIDGE, CHESTER, N.S.—INQUIRY AS TO REPAIR

On the orders of the day:

Mr. Hubert Badanai (Parliamentary Secretary to Minister of Public Works): Mr. Speaker, on Monday last the hon. member for Queens-Lunenburg asked whether repairs to the canal bridge at Chester were under consideration. The answer is that permanent repairs to the existing bridge are not considered feasible. Construction of a new bridge is now under investigation.

ARTS, LETTERS AND SCIENCES

REPORTED STATEMENTS BY MEMBERS OF COMMISSION

On the orders of the day:

Right Hon. J. G. Diefenbaker (Leader of the Opposition): Mr. Speaker, I would like to direct a question to the Acting Prime Minister, and I may say he is P.M. to all of us at all times, and has been all his life. I want to reciprocate his kind references to me in that regard, and ask him whether any consideration has been given to an examination of the rather unusual statements, prejudging the bicultural commission, made by Mr. Andre Laurendeau, Mr. Jean Louis Gagnon, Mr. Jean Marchand, Mrs. Laing and Mr. Royce Frith. These observations indicate a prejudgment of the task these people have, and I am wondering whether an examination has been made of them?

Hon. Paul Martin (Acting Prime Minister): Mr. Speaker, may I say first of all to my right hon. friend that if I have always been his P.M. I cannot say that he has always been my P.M. I may say to him quite sincerely that, notwithstanding our political differences, I have always regarded him in the friendliest way, and I know he has so regarded me.

I should like to take advantage of the question which the Leader of the Opposition has put, in order to read the comments which he says have been made and which I have not seen. I shall bring them to the attention of my colleagues in the government.

TRANSPORT

RAILWAY BRANCH LINES—INQUIRY AS TO GOVERNMENT ACTION

On the orders of the day:

Mr. R. R. Southam (Moose Mountain): Mr. Speaker, may I direct a question to the Minister of Transport. In view of the large number of applications for railway line abandonment pending before the board of transport commissioners, awaiting government consideration of the MacPherson royal commission report, could the minister bring the house up to date on what action the government contemplates taking with respect to this very important matter?

Hon. G. J. McIlraith (Minister of Transport): Yes, Mr. Speaker. It is not a matter of a large number of rail line abandonment applications awaiting hearing before the board. It is rather a case of large numbers of notices of intention to apply having been filed with the board. This was done at the request of the government so there would be available, when policies were being worked out, some idea of what was involved, and in this way there would be an appreciation of the possible problems facing the policy makers. It is quite improper to refer to these as applications for abandonment, because great numbers of them may never become applications for abandonment and may never be proceeded with. But getting the notices of intention forward so we would have some idea of what could be involved in the problem is very important.

Coming to the other part of the question, Mr. Speaker, it is, as I think I indicated earlier, the intention of the government to proceed with legislation on many parts of the

MacPherson royal commission report, including of course this whole matter relating to rail line abandonment, later this session.

Right Hon. J. G. Diefenbaker (Leader of the Opposition): Mr. Speaker, during the election campaign the Prime Minister undertook to set up a committee for the purpose of looking into the whole question of railway line abandonment. Has that committee been set up?

Mr. McIlraith: Mr. Speaker, in answer to the Leader of the Opposition, I think the reference he has in mind was made in the Prime Minister's speech at Selkirk. Action was taken on that matter very soon after the government was set up; I am not sure whether it was at the second or third meeting of the cabinet.

Mr. Diefenbaker: Is it a ministerial committee?

Mr. McIlraith: It was done by creating a transport committee of cabinet, and that committee has been quite actively engaged. I can assure the Leader of the Opposition that this subject has been receiving very close and very active consideration since the very first days this government took office. When I say that, I am not only referring to the policy matters, but in regard to proceeding with the preparation of the appropriate legislation, consultations with the premiers of those provinces most directly concerned and consultations with the various provincial government officials concerned with this problem at the working level.

CANADA ELECTIONS ACT

REFERENCE TO COMMITTEE ON PRIVILEGES AND ELECTIONS

Hon. J. W. Pickersgill (Secretary of State) moved:

That the standing committee on privileges and elections be empowered to study the Canada Elections Act, and the several amendments thereto suggested by the chief electoral officer; and to report to the house such proposals relating to the said act as the committee may deem to be advisable.

Motion agreed to.

SUPPLY

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

FINANCE

Contingencies and miscellaneous—

50b. Miscellaneous minor or unforeseen expenses —to extend the purposes of vote 50 of the main estimates to supplement, in such amounts and in accordance with such terms and conditions as the treasury board may prescribe, the estimates of other departments in order to provide for an accelerated construction and repair program and to provide a further amount of, $7,000,000.

Mr. Pickersgill: Mr. Chairman, I wonder whether I may just say a word about this item, which will then be explained by my colleague the Minister of Labour. It will be noted, sir, that this is an item to supplement the miscellaneous minor or unforeseen vote of the Department of Finance which appears in the main estimates. While it is quite unusual for a supplementary to be voted before the main item is voted, this is partly the result of the calendar and the fact that we had an election and the estimates are not coming along at the ordinary time.

The purpose of this vote is to provide funds to carry out one of the programs announced by my hon. friend the Minister of Labour on June 10 last. It was thought that in order to be quite sure there would not be any financial problem about going ahead with any of this work, it should be brought before the house at this stage. That is the reason for doing it. The reason for putting it in this particular vote is that it is contemplated that the actual expenditures will be made, as is the case with this vote ordinarily, in various other departments and transferred from this finance vote to the other departments in the normal way of which hon. members who have sat on treasury board are well aware.

We were advised by the officials of the treasury board that under our procedures this was the most satisfactory way of dealing with this problem. I had some doubt, I must confess on reflection, after making the announcement last night that I would ask for the vote, about whether I had been properly in order since the Department of Finance have not been called after the supply motion. I spoke to the hon. gentlemen opposite and also consulted the hon. member for Winnipeg North Centre, who I readily admit knows a lot more about the rules than I do—

Mr. Knowles: Only when he agrees with the minister.

Mr. Pickersgill: He is not always right either—and he persuaded me that it is probably in order, almost certainly in order in a technical sense, to proceed with this vote. I am prepared to say that if any hon. member, because of the unusual character of the procedure, felt that it was not a proper thing to do at this time the government would not proceed with it.

Mr. Diefenbaker: Mr. Chairman, it is so unusual to hear the hon. gentleman speak with uncertainty of his opinion that I am sure the house would, under the circumstances, be willing to do anything to approve a request on his part. He usually lectures the house as to what it should or should not do, and speaks with an extra authority. Today he spoke with that diffidence and concern with

which all good house leaders speak when they have to bring about something that is not altogether proper. That he should have made an error in his interpretation of the rules has always been excusable, because after all Homer himself once nodded. Having said that, I think we on this side of the house, in view of the explanation, would be entirely prepared to go on with this procedure.

Mr. Pickersgill: I want to thank the right hon. gentleman without any reservation for his kind, and I think salutary, observations.

Mr. Churchill: Mr. Chairman, might I have the privilege of saying a word or two along this line. I think of occasions in the past when as house leader I suggested even minor alterations in the business which was before the house, and I was from time to time subjected to considerable invective and sharp attacks from the present Secretary of State and his colleague who is now Minister of Justice. I also carried the burden, in certain reports which appeared publicly, of delaying the business of the house and indulging in wrangling. I hope the present house leader will now realize some of the difficulties which confront the government house leader and that next year, when he will be house leader of the Liberal opposition, he will realize that co-operation with the government house leader is sometimes the best way of expediting the business of parliament.

Mr. Pickersgill: Mr. Chairman, I will endeavour at all times, as long as I am on this side of the house, to show the same humility the hon. gentleman showed when he was here.

Mr. Olson: Mr. Chairman, if there is any problem as to the propriety of taking this action today we in this group would give unanimous consent, although we do not think there is any difficulty in that respect. I should like to comment for a moment on the remark made by the Secretary of State to the effect that the hon. member for Winnipeg North Centre knew a whole lot more about the rules than he did. He also added that he is sometimes wrong. The only deduction I can make is that when the hon. member for Winnipeg North Centre is wrong he knows it.

Mr. Pickersgill: So do I.

Mr. Knowles: Mr. Chairman, I guess I had better stay out of this, although I would say to the present house leader and the former house leader, who have been having a very friendly exchange, that if at any time they are in difficulty and need someone to mediate between them I will be quite glad to offer my services. We too are quite prepared, if it is necessary, to give unanimous consent to this procedure, but I am positive that this is not necessary. Rule 56 (6), which need not even be read, says quite clearly that a supplementary estimate is in the same category as interim supply, and I suggest that it is quite in order to go ahead.

Mr. MacLean (Queens): Mr. Chairman, I should just like to ask the Secretary of State something for clarification purposes. Order No. 18 on the order paper refers to:

> —main estimates and supplementary estimates (A) and (B) referred.

If I heard the chairman correctly he called only supplementary estimates (B) and we have them before us. I should like the Secretary of State to identify for us supplementary estimates (A) and tell us whether they are under consideration, or what they refer to.

Mr. Pickersgill: Supplementary estimates (A) were the supplementary estimates which were tabled before we last asked for interim supply, and they covered all or most of the departments of government. The estimates for my hon. friend the Minister of Trade and Commerce have already been voted from (A). I take it that when, which I hope will not be long from now, we reach the estimates of my hon. friend the Minister of Transport, supplementary estimates (A) as well as the main estimates will both be before the committee when the items are called. We just wanted to dispose of this one first, and it was called separately. I think that is the correct explanation, and the hon. member for Winnipeg South Centre seems to be indicating concurrence. I hope now, sir, that my hon. friend the Minister of Labour can tell us what the vote is about.

Mr. MacEachen: Mr. Chairman, my remarks on this item will be very brief. The house will recall that in June the government indicated that it intended to bring forward additional projects that had not been provided for in the main estimates. The purpose of this program was to help to alleviate particularly the problem of high seasonal winter unemployment.

The main estimates provided among other matters for both building and construction programs. I have been authorized by the government to ask various departments to bring forward additional projects for which moneys are not provided in the main estimates. The purpose of this item is to provide the moneys that will allow these projects to go forward. I should simply like to add that I have asked the various departments of government to bring forward projects which are justified on other grounds and which are in a state of readiness but which have not been provided for in the main estimates.

The item provides that these programs are subject to approval by treasury board, but I should like to add that they will also come forward to the Department of Labour for examination. The Department of Labour will attempt to assess the acceptance of these programs on two counts; first, that there should be sufficient labour content or employment content in these programs to justify their acceptance as an employment measure; and second, that these projects be undertaken in areas of high unemployment. It will not be the intention to bring forward additional projects under this item in areas in the country where there is not a specially high rate of unemployment. In other words this is an effort to deal with unemployment by providing additional programs with a justifiable labour content and to apply them in areas of high unemployment.

Mr. Starr: I should like to add just a few words to this discussion in view of what the Minister of Labour has said in trying to explain to the committee what this $7 million is intended to provide. All I have been able to gather is that this sum is being provided for the purpose of alleviating high seasonal unemployment and that certain departments are to undertake projects in order to help in this worth-while cause.

However, I feel we are being asked to approve an item which is somewhat hypothetical, at least with respect to the actual construction which is to be carried out by the various departments. Ordinarily public works required by each department are provided for in the main estimates, although occasionally supplementary estimates are introduced. It is usual for these projects to be carried out, at the request of the Department of Labour, at the time when seasonal unemployment is at its peak in order to help tide over that period. However, it seems that this is an additional amount, and the question which arises in my mind is this. Have the departments already planned certain projects, and what are those projects? What departments will be taking part in the expenditure of this $7 million?

It also seems odd to me that approval is apparently being sought for the expenditure of this $7 million without prior approval having been given by treasury board. The course usually followed, I believe, is that the department puts forward an estimate of expenditures. The estimate is approved by the treasury board, and only then is it brought before parliament for final approval. Here the minister is saying that parliament should approve first of all and that the item would then go before treasury board for approval. I wonder if the minister could tell us what specific projects will be undertaken, which departments are likely to be participating, and what plans they have with respect to the expenditure of this $7 million. I should also like the minister to give us some idea of the number of man hours of work the expenditure of this money is likely to provide.

Mr. Lambert: Like my hon. friend the member for Ontario I am somewhat puzzled by the procedure which is being followed. We are being asked to vote $7 million under an item which was really not designed for the purpose to which the minister has referred. We know the purpose of the schedule of items in the estimates, and this is not the one normally used to help deal with employment problems. In effect we are being asked to write a blank cheque to the extent of $7 million, and obviously we should like to know which departments are likely to take advantage of this provision. After all, an estimate of $7 million has been made, so unless someone has picked the figure out of a hat and said "We shall hold them down to this" it should be possible to give the committee some idea of how the money is intended to be spent as among the various branches of government. In the light of the new love for planning which seems to have developed in certain quarters I would hardly think this is the way in which the government would have proceeded. Is most of this money likely to be spent by the Department of Transport, or by the Department of Public Works, or by—

An hon. Member: Northern affairs.

Mr. Lambert: Well, the department of northern affairs in the wintertime? That may be, but normally it would not be. I think the minister should give us some further information, because it seems to me we are being asked to write what is in effect a blank cheque for a grab bag fund.

Mr. Fairweather: I am interested in the formula which the department proposes to use in defining an area of high unemployment. What is the size of such an area likely to be? Would it be a constituency, or would it be larger? Finally, would the national employment service give the hon. gentleman advice on this matter or would it be some other branch or department?

Mr. Herridge: I listened with interest to the minister's brief statement, and I want to take this opportunity to ask him a question or two because there seems to be some interesting happenings under the winter works program. When the hon. gentleman comes to reply, will he inform the committee as to the types of community organization other than incorporated municipalities which are entitled to qualify for grants under this program? I am thinking of privately owned

organizations. My second question is this. Is there any co-ordination between the Department of Labour and other departments of government when consideration is being given to the making of these grants?

I want to bring these circumstances to the attention of the minister. A certain fruit growing area in my constituency which has a considerable irrigation system was informed by the water controller of the province of British Columbia that it would be unwise for the growers to undertake any extensive or unusual repairs to the system because it was likely they would be flooded out in a year or two. Consequently no repairs were made. Then a hint was given that it might be possible to rebuild this irrigation system under the winter works program. An application was made accordingly, and I do not blame these people one bit for doing so. They proceeded to rebuild the irrigation system as a result of the assistance they received from the federal and provincial governments even though they had been previously informed by another department that it would not be required in another two or three years.

So we have the Secretary of State for External Affairs doing his best to see that these people are flooded under 25 feet of water, and at the same time we have the Department of Labour making grants to them against the advice of water board officials to assist them to rebuild a system which, it has been said, may not be needed. I would ask the minister to explain what degree of liaison there is among the various departments of government, who now appear to be working at cross purposes, and to tell us what types of organizations other than municipalities are entitled to receive grants under the winter works program.

Mr. Diefenbaker: Mr. Chairman, I am going to begin by saying that the Minister of Labour is one minister who always tries to answer questions directed to him, and I have found that to be his regular course. It is in that spirit that I now ask him to inform the house how this $7 million is to be expended. What is the general plan? There must be something in mind. Surely it is not to be a case of expenditure without a policy. How is the amount going to be divided? Is it to be a melon that is to be cut in various segments depending upon the demand in the particular departments?

I am sure we could reduce the amount of debate very greatly if the minister would tell us what the circumstances are that have impelled this unusual course. What is the extra amount going to be used for? What department is it expected will be making the expenditure? I put this in capsule form and ask him if he will not give hon. members this information now rather than wait, for after all the house has a right to know why such an unusual procedure of asking for $7 million over and above the regular amount of $3 million provided in the estimates is being followed. Would he be willing to advise the house now?

As the hon. member for Edmonton West has said, is this a blank cheque? My memory takes me back a few years to 1930. I recall the tremendous fulminations in the session in the fall of that year by the Right Hon. Mackenzie King when he spoke with authority and knowledge of the practice from the days of Runnymede to 1930, the need of parliament to have the fullest information, and said that nothing was more detrimental to responsible government than blank cheque advances made by parliament. I would ask the minister to give the house the fullest information he has. I am sure he must have it. The government is not asking for $7 million for the fun of it. It must know what it is going to do with it. The Minister of Finance has shown a propensity this session for asking for things about which there was no clarity in advance. I am sure the Minister of Labour does not want to join in the same company.

Mr. Smith: Mr. Chairman, when the minister was speaking he expressed his desire that this money be spent on works with a very high labour content. I should like to remind the minister and his colleagues that the shipbuilding industry has the highest degree of labour content, and that if he refers to the Department of Transport and the Canadian maritime commission he will find a large shelf of plans for ships that could be quickly built. I know that $7 million will not build many ships, but having regard to the conditions in the country I am sure we will be faced with further supplementary estimates. Furthermore, now that the minister has been in charge of the department for some time and perhaps knows something about employment conditions in the country, I think it might be wise if he were to again look at the length of time that the winter works program will be applicable. If he could give the municipalities some assurance that the program would be extended they could then do a lot of planning for winter works now.

Mr. Barnett: Mr. Chairman, I am quite agreeable to joining in the various suggestions that have been made that we get from the minister as much information as possible as to the purposes of the vote. I also support the suggestion made by the hon. member for

Kootenay West that there should be careful scrutiny and examination of the manner in which this money is spent.

However, in view of what I regard as the very modest sum being proposed in relation to the purposes outlined in an earlier statement to the house by the Minister of Labour, I was a little puzzled by the suggestion of the hon. member for Edmonton West that the whole question of planning was involved in the expenditure of this sum. If we were being asked to appropriate $700 million, then I should think that would be a very legitimate approach to take to the question. Somebody used the word "peanuts" the other day in the house, and in relation to the scope of the problem that needs to be dealt with it is my view that this item is really very modest.

If the minister were to request me to offer suggestions, I am quite sure I could put forward proposals with regard to my own constituency that would eat up most, if not all, of the $7 million. I am sure the minister is aware of the fact that we have a somewhat milder climate on Vancouver island than do some other parts of Canada, and that this would be a very pleasant place for some of those who in the past have normally been unemployed in the winter to find useful occupations. I think most hon. members are familiar with the fact that the level of unemployment in British Columbia in the wintertime tends to rise for the very reason that many Canadians are inclined to migrate or drift to that part of the country during the winter season.

As far as I am concerned, my reaction to this vote is that it is altogether too modest for the purposes which, according to the statements made by the Minister of Labour and the Secretary of State, the government has in mind. The Minister of Labour said something about accepting suggestions from the various departments of the government. I am not sure that he will be willing to accept suggestions from all members of the house in connection with the spending of this money, but I do know that in my own constituency, for example, there are a number of very useful public works projects, some of them with a substantial labour content, that have been postponed for one reason or another. Some of them went by the board because of what was referred to in the last parliament as the austerity program but which to me represented unnecessary delay in the provision of needed community projects and public services. I should like to suggest that the Minister of Labour should have raised his sights a little higher when he was suggesting to his colleagues that this item should be brought forward in this way at this time.

Mr. MacEachen: Mr. Chairman, I will try to answer as well as I can the questions that have been raised by my hon. friends in connection with this item. I am sure that all of us are concerned about the prospect of seasonally high winter unemployment that has been characteristic of the Canadian economy. With that in mind I hope I can make the purpose of this item clear to hon. gentlemen.

There is now provision in the main estimates as we now have them for various projects. The officials of the Department of Labour and myself were of the view that it might be possible to bring forward additional projects for which funds were not provided in the main estimates. We had in mind that in the various departments there might be projects that were in a state of readiness and that could be brought forward quickly as a means of helping to relieve unemployment if additional funds were provided. There will be some departments that are especially affected, for example public works, transport, northern affairs, forestry and others.

I will ask all departments to bring forward projects that have not been provided for in the main estimates and which are in a state of readiness and capable of being put into effect during this winter period. I hope these projects will come forward and, as the hon. member for Ontario said, they will go before treasury board for justification just as other projects go before treasury board. At the same time there will be the additional provision that these projects will have to be justified, in so far as the labour department is concerned, from two points of view. First of all they must have sufficient labour content to justify them as job creating projects. I can imagine a project that could be brought forward that could be justified on other grounds but would not create any substantial amount of employment, or create relatively little employment. That is what will be done.

Then, where will these projects go? I want to assure the house that they will not be placed in various parts of the country on the basis of arbitrariness or caprice. The Department of Labour has developed over the years a concept of surplus manpower areas, related to the extent and duration of unemployment in those areas. When the former government brought in its double depreciation program this definition was changed and enlarged to designate areas that would be eligible for the double depreciation allowances.

Now, as you know, the present government, in line with this concept, has mentioned on

several occasions that it is proposing programs for special application to designated areas. Currently this concept of areas of high unemployment as defined by the Department of Labour is under review. There will be, when that review is completed and approved by the cabinet, particular areas in the country that are to be eligible for these special programs. It is to these areas that this special program will be applied.

Mr. Diefenbaker: And not outside?

Mr. MacEachen: Not outside of those areas; it is not intended to use this money except to assist unemployment in a manner that will be defined by the government through its designation of these areas in elaboration of the concept that was followed by the former government.

It is my hope that the department will be able to bring forward a sufficient number of projects that all this item will be used up. However, I cannot give that assurance today because I do not know what projects will ultimately come forward and be approved. It would be my hope that a large number of projects would qualify so that this total amount would be used up. Certainly, in so far as I am concerned, if it proved successful I would not mind asking my colleagues to provide an additional amount.

In essence that is the extent of the program or the purpose of the program. I agree that there is a certain element of the unknown in this because I cannot assure the committee what particular projects will qualify or whether the total sum will be completely used up, or indeed whether it is sufficient. I have attempted to indicate the general policy that will apply under this particular item.

Mr. Diefenbaker: Will the minister allow a question? Has there been any projection made by the Department of Labour as to the expected unemployment next winter? Has that been done as yet, and if so what is the number?

Mr. MacEachen: Mr. Chairman, I should like to tell my hon. friend that I have not recently received from the officials of the department any indication as to the extent of winter unemployment. I must say that shortly after I entered this office I had a discussion with my officials and the intimation at that time was—this is subject to my own memory—that the problem of unemployment might be greater this fall or next winter than it had been. This was the original indication I received from the officials of my department.

Mr. Lambert: Perhaps during the course of his replies to other questions the minister will tell us or have his colleague the Secretary of State do so, why this rather extraordinary procedure was adopted. This is an item of the unforeseen kind under the Department of Finance. Why not be straightforward and say this is a special project under the Minister of Labour?

Mr. Pickersgill: Perhaps I could answer—

Mr. Lambert: If I may finish, this intrigues me a little because frankly the one who is going to be spending the money or to have the authority to spend the money is the Minister of Labour, acting on behalf of other ministers. Why not say so and put it in his own estimates, rather than have this usually minor catch-all provision under the Department of Finance?

Mr. Pickersgill: I should like to say that I have a great deal of sympathy for the hon. member for Edmonton West, because that was the original idea that was held when this project was first brought forward. I do not want to take refuge behind officials. I was an official once myself, and I always believed that the minister should take responsibility for these things. We were advised that from an administrative point of view it would be easier to do it this way. There is an "unforeseen" vote anyway in the department. I will come to the word "unforeseen" in a minute.

As the hon. member does know, because he has probably attended treasury board meetings assiduously, the amounts that are spent from the unforeseen vote are later charged back to the department concerned, and were the funds in the Department of Labour or any other department this course would mean another administrative process. We were advised that it would be easier administratively. It will be the intention, of course, to have these projects performed by the Department of Public Works or the department of northern affairs or the department under which they would normally come. The Department of Labour comes into the picture by giving a statement that there is enough labour content, that the project is in the right part of the country where the labour shortages are. Otherwise the projects will not be accepted by treasury board.

This is my understanding of the mechanics. The money will be paid out of this vote and then charged back to the appropriate department at a later stage in the financial procedures for accounting to parliament. It is just to conform with the normal mechanics of government. The hon. gentleman will see that because of the phrase "unforeseen" the wording of the vote is expanded so as to indicate that it is not wholly unforeseen. The only unforeseen element in it, as my hon.

friend has just explained, is that he is collecting a list of projects, but we cannot specify the projects until they have gone through scrutiny.

I think hon. members know that the government has not got power to get started on these things unless there is some vote from parliament authorizing it to do so. If we are to take a recess and not come back until the end of September, we would not want to hold up getting these projects ready and organized so that the actual work could start as early as possible in October and toward the beginning of November, when they would really be needed. I think that is the mechanical side of it.

Mr. Lambert: These items will be charged back to the department in the usual course of administration?

Mr. Pickersgill: Yes.

Mr. Lambert: Then is it the intention of the government that parliament will be informed of this particular group of projects, rather than having them lumped together with others and then saying, "Oh, yes, we put up a building for the Department of Agriculture, but it appears under the usual construction items in the vote for the Department of Agriculture"?

Mr. Pickersgill: I will give an undertaking on behalf of the government that either on the main unforeseen vote of the Department of Finance when it comes before the house, or on the vote of the Department of Labour, on the administrative item, whichever seems to be the more convenient and whichever comes at an opportune time, the government will give a full and detailed account of what projects have been selected, the progress that has been made on them, and the amounts involved.

Mr. Winkler: Did I understand the Minister of Labour to say that it has been projected by his officials that they anticipate a higher degree of unemployment this fall?

Mr. MacEachen: Mr. Chairman, I replied to the right hon. gentleman who asked me whether my officials had given me any projection of prospects for unemployment, and I said I had no recent projection. However, I told my right hon. friend, and I repeat this subject to confirming it through notes which I have, that shortly after I became Minister of Labour it was indicated to me that the projections at that time were for greater unemployment this fall and possibly next winter.

Mr. Winkler: That is exactly what I thought I heard. I do not want to become contentious today, because everything so far has been in a more courteous vein than in the last few days, but this statement by the minister is of great significance, and accordingly I think I would agree that the way the spending of this money is being projected is probably a very good idea at this stage. Further, the way the matter was projected by the Secretary of State is worthy of consideration.

I do not want to beat a dead horse, but if the projections are in this direction then it seems to me both ministers should use their influence and good offices to get this sales tax measure removed. They would achieve a much higher degree of employment by doing that and would be much more popular throughout the country.

Mr. Herridge: Mr. Chairman—

Mr. MacEachen: I do not want to take the floor from my hon. friend, but I was asked a question which I had hoped to answer. However, I interrupted my own statement to answer a question put by the right hon. Leader of the Opposition. In connection with the winter works program, which is a separate program from this particular one, I understand it is possible for an application to be made by a province on behalf of an unincorporated municipality.

For example, in certain parts of Newfoundland municipal organizations do not exist in the accepted sense, but upon inquiry I am informed that on at least one occasion it was possible for a province to make an application for assistance under the winter works program, on behalf of an unincorporated region, or an area that was not a municipality in the usual sense. That is the only information I can give to my hon. friend today, but I would be glad to make further inquiries so I could advise him at a later date.

Mr. Herridge: I thank the minister for that explanation, because that has occurred in my constituency where the owners of privately owned irrigation systems have received assistance. There are a number of other bodies waiting to make application, and I will welcome further information.

The only other question I wish to bring again to the minister's attention concerns co-ordination and co-operation among the departments. I have a concrete illustration of officials of the Department of Agriculture urging certain people to increase production by extending and improving their irrigation system. I have proof of other departments telling them not to increase production and saying "Leave your system alone; we are going to flood you out." However, I found that the Department of Labour did give a grant to these very same

people, who received this contrawise advice, for the improvement of their irrigation system. I would like the minister to explain what is the co-ordination which makes it possible for three departments to be working in different directions with respect to the application of the winter works program.

Mr. MacEachen: I certainly agree with my hon. friend that it is very important that all departments of government co-operate with a view to adjusting and developing their programs, with the problem of unemployment and the creation of further employment in mind. At present there is an interdepartmental committee involved with the development of projects that might be applied under this particular item, and this committee has as its job the reviewing of all departments and the bringing forward of projects that might assist employment.

From that point of view it seems to me that this committee ought to be the vehicle through which the proper co-ordination of departments is achieved for the purpose of creating employment opportunities. I hope this particular emphasis will be increased rather than decreased, because I believe that further progress can be made along those lines. If that is what the hon. member has in mind, then I certainly accept his suggestion and agree with it fully.

Mr. Aiken: I am sure, Mr. Chairman, all hon. members have excellent ideas on how this comparatively small sum of money could be spent, and assist the national economy, but I would like to point out one matter that would be especially valuable to the objective the minister has outlined. It concerns the construction of small tourist wharfs. Recently I put a number of questions on the order paper concerning a program of small docks and launching ramps projected for my own area and, I understand, for most other areas.

The answers I received to those questions indicate that there has been a very serious cut back in this program from what was planned last year. Most of these jobs are small—in that they would cost anywhere from $5,000 to $15,000. Most of them are in small communities, where the navigation for tourists particularly is uppermost in the minds of the local people. They meet most of the essentials the minister outlined; they are small jobs, a large number of which could be carried out with a small amount of money. I urge that a review of the Department of Public Works tourist works program be undertaken when this vote is passed, because I am given to understand that it was cut back very drastically, not at the request of anyone in particular but merely because the money was not available. If this money is now being made available I should like to see it used in these very useful projects, which have always brought good results to small communities and have created employment because they involve the provision of local labour and materials.

Mr. Hales: Mr. Chairman, I want to say just a few words on this vote. It seems to me a very unusual request is being put before parliament at this time. We are being asked to sign a blank cheque for $7 million, and we are not told what projects it is for or where those projects are to be located. I think we should know this. We may not agree with the projects or we may not agree with their location. In view of some of the sad experiences of this house recently with regard to government planning and the government then having to back track, and one thing and another, the minister should have come forward with some definite projects which they have in mind. He should tell us what they are and where they are to be located. This situation seems to me to be the same as that of a sales manager going to the manager of the company and saying, "I want $7 million", and when the manager asks him what it is for he says, "I do not know, but I think we will need it".

I think we are being placed in a rather unusual position in being asked to endorse this supplementary expenditure of $7 million. The minister, rather than cutting back the winter works program as he did, would have been better advised to leave it as it was. This in itself would have helped the employment situation quite a bit. I for one, Mr. Chairman, do not like the way in which we are being asked to accept this vote.

Mr. Nasserden: Mr. Chairman, I find it very difficult to understand why the minister and the government have not been able to give us more information as to the projects they have in mind. The minister indicated that it is approximately three months since they were advised of the likelihood of an increase in unemployment this winter. Surely during that period some advice could have been received from the departments with regard to projects that were available. If I understood the minister correctly he indicated that there was already a shelf of projects available to be undertaken under this program in the various departments of the government. It may be a nagging thought, but we wonder why something has not been done along that line so the minister could have brought to our attention at this time some of the projects they are thinking of undertaking under the program.

I have one or two questions I would like to ask the minister. I wonder whether any limit

will be placed upon the amounts that will be available for any one project. Another question that might be of interest to the committee is whether there is any particular type of project that will be excluded from this particular grant of money. Perhaps the minister could answer those questions.

Mr. Rynard: Mr. Chairman, I would like to ask the minister whether any of these projects had been planned prior to his taking over as minister. I would also like to ask him whether there has been any consultation with the provinces with regard to the spending of this money. I suggest to the minister that the great increase in boating demands a larger number of docks than we have at the present time. Some of these docks would be small, but in the building of them—and I could name dozens of places where they are needed—there is a great deal of labour involved. I would ask the minister to discuss with the Department of Public Works those projects that were cut off after having been planned, or which for some reason or other have been shelved, and to reconsider the building of these docks.

Mr. Howe (Wellington-Huron): Mr. Chairman, the minister seems to be rather vague about the type of projects and works that may be carried out under this $7 million vote. I wonder whether he can give us any definite information as to what the percentage of labour content should be in a construction project that is being considered, to make it eligible to participate under this vote.

Mr. More: Mr. Chairman, there has been reference during this discussion to the amount of $7 million being rather small. It may be, in the light of the problem that some members of the government foresee; but I think we should bear in mind that $7 million of the taxpayers' money is quite a large sum. In fact 30 years ago in my province of Saskatchewan, at which time we had close to the population we now have, that was half the budget. I hope the minister understands that the matters being put forward at this time are being put forward responsibly because of the apparent situation.

I am not quite clear about this and I want to ask the minister one question. Do I understand that this $7 million is desired for projects only in areas that qualify as surplus manpower areas? I am not clear on this point from what has been said so far. I formed that opinion, but some of my colleagues have indicated that this is not so. I am also interested in the matter of labour content, which I think is very important. Also, would the minister tell us whether this is to be solely an expenditure by the federal government, or will any of it be used in sharing programs that will provide employment?

Some hon. Members: Carried.

Mr. Lambert: Mr. Chairman, may I call it one o'clock—

Some hon. Members: Oh, oh.

Mr. Lambert: —because there are two or three other matters here that should be considered. I would ask hon. members opposite not to fret. They are asking us to accept this vote; a new procedure is being followed, and I think we should be quite careful with it. We can continue with it at 2.30.

Mr. Pickersgill: It is one o'clock.

At one o'clock the committee took recess.

AFTER RECESS

The committee resumed at 2.30 p.m.

The Chairman: Order. The house in committee of supply, supplementary estimates (B), Department of Finance, vote No. 50b.

Mr. Pickersgill: Mr. Chairman, after conferring with hon. gentlemen opposite at one o'clock it seems there is a feeling that it would be preferable to have more information about this particular vote than it is possible for the government to give at the present time, for reasons which my hon. friend the Minister of Labour gave and which, I think, are well understood to the hon. member for Ontario who formerly occupied that portfolio. The government has no desire whatsoever to ask the committee to accept any vote without adequate information and explanation. As I explained when the vote was introduced, it is not essential that it be passed at this time. It was thought it would be a convenient thing to have it passed because it is for the purpose, and solely for the purpose, of attempting to alleviate the exceptional unemployment which this country unfortunately has experienced for quite a number of years in the winter months. I do not anticipate there will be any shortage of funds before it is necessary for the government to ask once more for interim supply, particularly as I understand it will be necessary to do so as soon as the house resumes on September 30. Therefore I would ask that this item be allowed to stand and that we proceed to the Department of Transport.

Mr. Starr: If I may say a word before you make your decision, Mr. Chairman, we realize the necessity that something be done during the winter months, as we have done in the

past, in order to alleviate the seasonal unemployment experienced. We put forward programs to this end. However, there is just not enough information available to members of this committee at this time for them to pass a definite sum of $7 million for something which may be determined in the future. My understanding is that these projects can be assembled and approved by treasury board and proceeded with, so that there will be no lessening of any attempt to do something about winter unemployment. These projects can be proceeded with, and when this parliament returns in the fall then the Minister of Labour can put forward the $7 million, or probably even more. From the projects listed and their estimated cost I think probably more will be needed, and every member of the committee will be well enough informed to be able to vote with some intelligence upon a sum of money such as has been suggested. So the work can go on and we can pass the estimates when we come back in the fall.

Mr. Pickersgill: I just want to say one word. I can assure the hon. gentleman from Ontario and the committee generally that the government has no intention of seeking to take any partisan advantage in this matter whatsoever. I have indicated quite clearly that through interim supply the funds will be available which will be required in the meantime. I detect nowhere in the committee any opposition to the objective of this vote, so that I do not think the government should feel inhibited about going ahead with the program. If there is any dissenter in the committee I wish he would speak up, because I think every hon. member of the house is anxious to do everything he can to see that unemployment is reduced as much as possible in the winter months. Therefore the government will assume that getting interim supply next week gives it a mandate to go on with this program which was outlined by my hon. friend the Minister of Labour. Before we ask parliament finally to determine this matter, we will be very happy to let it stand over till more detailed information is available to parliament.

The Chairman: Is it agreed that vote 50b stands?

Some hon. Members: Agreed.

Item stands.

DEPARTMENT OF TRANSPORT

1. Departmental administration, $3,388,600.

The Chairman: The committee will now proceed to the consideration of the estimates of the Department of Transport, vote No. 1, departmental administration. Shall this vote carry?

Mr. McIlraith: Mr. Chairman, during the question period today two questions were asked of me. At that time I assumed that the estimates were being called as the first item of business, immediately after the question hour, otherwise I would have answered one of them forthwith. The other one asked for information of which I was not sufficiently sure to give an accurate answer.

As to the question asked by the hon. member for Churchill having to do with the condition of the runways at the airport at The Pas, the situation is that these runways deteriorated very rapidly and present a real problem. At the moment engineers are trying to assess what requires to be done in the matter. There is not much more useful information I can give him at the moment.

As to the other question asked by the hon. member for Winnipeg North Centre concerning the ownership of the *Tritonica*, the owners are Snowberry Shipping Co., Hamilton, Bermuda. That company being a limited company, I do not know who the shareholders are but I have every reason to believe they are not Canadian.

Mr. Rapp: Mr. Chairman, I welcome this opportunity to say a few words on the estimates of the Department of Transport. In my opinion this is one of the more important departments in the federal field, even more so because ever since the report of the MacPherson royal commission was presented to the government it has been apparent that some of the suggestions or recommendations were of such magnitude and of such far reaching significance that it is almost unbelievable they would be implemented.

For instance, in Saskatchewan alone close to 14,000 farms will be affected by railway abandonment. More than 1,274 miles of railroad are likely to be abandoned and approximately 156 towns would be directly involved. In addition, 318 grain elevators would be put out of commission. All this presents a most serious problem as far as Saskatchewan is concerned. It was said at the turn of the century that if Canada was to take her proper place in the world, her commerce must be increased. The way of bringing this state of affairs about was to build these railroads so that grain could be transferred at low cost to foreign markets. The same basic situation prevails. The grain will still have to be brought to the seaports and if these railroads are abandoned, many farmers, in future, will not be able to deliver their grain.

There may be justification for abandoning some rail lines which run parallel to others,

say 15 miles apart. But if communities are left 50 or 60 miles from the nearest railroad, farmers are going to be hurt very badly. The benefits of the Crowsnest pass rates would disappear. This is a problem which cannot be handed to the transport commissioners for them to solve. It will have to be tackled as a matter of government policy. The government will have to see that these places are not left without a railroad service.

A few days ago I placed a bill before this house seeking to have a grain terminal built at Tisdale in an area which, in the past, could never deliver the same amount of grain as other areas in Saskatchewan. One purpose of my bill was to enable shipments to be expedited through Port Churchill. Should these abandonment proposals go through, the three western provinces would, I think, need many new terminals. In former years when there was a surplus of grain the federal government had to pay as much as $50 million in storage charges to the grain companies. A terminal built by the government would cost approximately $2 per bushel stored, a cost of, say, $10 million. In years of surplus the government would not have to pay for storage in federally-owned elevators and this saving would, in itself, justify building such terminals as I have proposed. It has been said that private companies would provide storage on railroads which have not been abandoned. This might be so, but some of these places could easily be 50 or 60 miles away from the farmer concerned. If it were not economic for private companies to build grain elevators at such places, then government terminals should be built.

It was thought by some people when I introduced my bill that this was an exaggerated idea and that the government could not build these inland terminals. But in the light of the fact that as many as 15,500 people might be affected, it is not hard to see that a time may be coming when governments will have to start building these publicly-owned terminals.

I know the minister is anxious to get his estimates passed and I do not want to elaborate on what I have said because I did present the case on an earlier occasion. At the same time I would urge the hon. gentleman to see that the abandonment of railway lines is not left for some such body as the board of transport commissioners alone to deal with. The government itself must outline a program to see that the farmers will not be deprived of their privileges, deprived of the benefit of the Crowsnest pass rates and deprived of the opportunity to get their grain to market as cheaply and efficiently as possible.

Mr. Nasserden: I should like to congratulate the hon. gentleman on his appointment as Minister of Transport, one of the more important departments of government and one of particular interest to western Canada, especially at this time, for reasons which have just been given by my hon. friend from Humboldt-Melfort-Tisdale in his comments on rail line abandonment.

We in western Canada know there are some lines which will have to be abandoned because of economic reasons. At the same time we want to be sure that such abandonment as may take place does not in any way cut into the benefits now enjoyed by farmers in western Canada under the Crowsnest pass rates agreement. I wish to underline this statement because some of the intentions which have recently come to light indicate that the railways are not taking into consideration the long distances some farmers will have to cover in order to get their produce to the rail lines which remain in existence. I was greatly heartened by the minister's statement this morning during the question period when he indicated these were only intentions, and that many of these lines would not necessarily be abandoned in the period that lies ahead.

Another matter that is requiring a great deal of consideration at the present time is the continuing of the program for the elimination of grade crossings. As all hon. members know, during the past several years quite a problem has developed in the vicinity of many of our towns because of the use of diesel engines, in that sometimes there will be three or four engines pulling as many as 200 cars. It is a difficult problem both for the crew of the train and the people wishing to use the crossing. I urge the minister and the government to consider a greatly expanded program for the elimination of these crossings by providing underpasses or overpasses, whichever may be suitable. This might be one of the programs that might be undertaken in connection with the item that has just been allowed to stand.

There is another matter that comes under the Department of Transport in which there is a great deal of interest in my area. I refer to the provision of airstrips for private aircraft. Many people are looking to the government to provide greater assistance than in the past, in order to facilitate the development of transportation by this means. A greater number of people are purchasing their own aircraft, and many more would do so for their private use if they were assured that municipalities could secure some assistance in the provision of suitable airstrips. There are a number of other things I will

deal with when we are discussing the individual items, but that is all I wish to say at the moment.

Mr. McIlraith: Mr. Chairman, perhaps I should say something at this point, since the remarks pertaining to the railways are of a general nature and not specifically dealt with as such. I thank hon. members who have just spoken for their kind references to the department. There is one thing I think I should say about the remarks of the hon. member for Humboldt-Melfort-Tisdale, in which he set out absolute figures as to the numbers of elevators involved in the abandonment of railways lines. I wish to warn against anyone accepting such figures as absolute because we do not yet know what lines, or what mileages are involved in any possible program of abandonment. Therefore any figures given now might very well prove to be inaccurate.

Hon. members are perfectly correct in describing the problem as one of very great importance to the prairie provinces. There is no doubt about that at all, and I do not think anyone is more willing to recognize that fact than I am. The situation is simply that in 1959, presumably because of the complexities of the problem, the former government appointed the MacPherson royal commission to examine railway transportation matters. The committee finally made a report and no action was taken before the former government left office. In fairness, however, I must say there is every indication that they were seeking to take action and had legislation on the subject in the course of preparation, although that legislation was never in any way made public.

Since taking office the present government has given a great deal of attention to this matter. As I indicated in my opening remarks on the estimates, the legislation on the subject which I hope to bring before this session of parliament is complex and difficult. On two major points it would involve some difference in thinking from what I take to be the position of the former government. That can be explained however either on the basis of a difference in point of view or as the result of further examination of a very difficult and complex subject. In any event, there is the clearest possible recognition of the fact that what is needed is to rationalize any program of rail abandonment, to coordinate it and carry it out in such a way as to result in the minimum of adverse consequences in the areas concerned. That is the purpose of the legislation.

It is not proper for me to anticipate at this time legislation not yet before the house, but in order to allay any misconceptions or undue fears about it I think I should give some indication of what our thinking is in preparing the legislation. Legislation is being prepared in close co-operation with the prairie provinces and the maritime provinces, these provinces being more directly concerned, and after consideration of the many representations received from some of the provincial premiers and their officials in the provincial departments dealing with this subject. I hope that when we have the legislation ready for submission to the house it will reflect adequate consideration of their points of view, and the great knowledge they have of this subject because of their concern with railway problems over the years.

There are, of course, other recommendations of tremendous importance in the MacPherson commission report which deal with the methods of setting freight rates. I am not unaware of the complexity of this subject and I hope I am not unaware of the things that will have to be avoided in bringing in new legislation on the subject. I thought I should make these remarks at this stage so that there would be no undue fear on the part of members or the people in the areas vitally concerned with this problem.

Mr. Balcer: May I ask the minister a question on this very subject? In answer to a question on the orders of the day this morning he stated that the government had formed a cabinet committee to deal with branch line abandonments, and that this was in accordance with an election promise of the Prime Minister. We had a similar cabinet committee in the past when we were in office. That committee met with the premiers of the provinces to discuss this very subject and also had an opportunity to discuss it with officials of the provincial governments and other interested ministers. Can the minister tell us if the cabinet committee of the present government has had meetings with the premiers of the prairie provinces on the matter of branch line abandonment?

Mr. McIlraith: The meetings were conducted on an individual basis, not with the premiers collectively, and the form of meeting varied with the different provinces. In the case of Alberta I met with the premier and the provincial government agent alone. Then the officials continued to work on it at their level. In the case of Saskatchewan my colleagues and I on the transportation committee met with the premier of the province and a delegation. In the case of the province of Nova Scotia I may have been alone; I am not sure. Two representatives of the maritimes commission, I believe, were there as well. Then, in the case of Manitoba, I did not meet with

the premier, but what he described as I believe his working team of experts from the government met with the officials of the department. This has been done in other areas with the premiers concerned.

In other words I thought that because railway problems vary from province to province, it would be more effective to meet the provincial representatives individually, rather than meet a collective group. One province will be more concerned with one aspect of railway problems than another. I would not want it to be thought that the only railway problems discussed were those related to railway line abandonment. Problems inherent in rate making and things of that sort were also discussed at some length.

Mr. Balcer: I gather from what the minister has said that the great plan announced by the Prime Minister during the election concerning this commission of the federal government to meet with the interested provinces has not materialized so far. The minister has been meeting from time to time with representatives of the provinces and the new government has been doing less, so far as talks with the provinces are concerned, than was being done under the old government?

Mr. McIlraith: No, Mr. Chairman, that would be a completely wrong assessment of the situation. I took the trouble, when starting into this subject, to check as closely as I could on what had been done by the former government in this area. I cannot speak for the former government. I can only say what I found when I took over and what information could be obtained from records and talking with people who were there at the meetings. The procedure we have adopted is the converse of that situation under the former government.

As I understand it, the former government confronted the provinces with proposals for legislation that were a *fait accompli*. The provinces were confronted collectively. What I have been seeking to do is the very opposite. In working this plan out—and we have tried to be very careful because I think it is of vital importance to the provinces—we tried to arrive at a plan that would meet the wishes of the provinces and other organizations as well, such as the wheat pools and others. We have brought them in to get their ideas, to discuss the kind of legislation that they think will meet the problems as they see them. While it is quite true we will have to take responsibility for the legislation, it should be legislation prepared as a result of consideration of the arguments that these representatives put forward. Furthermore, we are following this up by having the working people of the department at the technical level follow the consultations through.

I am hoping that in this complex and difficult subject we will get better results in the end. In saying that, I do not mean to imply criticism of the former government in that respect. I must say that this method of proceeding was worked out while having the benefit of knowing how the former government had proceeded, and having the opportunity of deciding what I thought could be improvement in the method of dealing with the provinces on this point.

Mr. Balcer: I do not want the minister to leave this impression—

The Chairman: Order; I recognized the hon. member for Churchill.

Mr. Simpson: There are several points I should like to bring to the attention of the minister while we are discussing item 1 of the estimates of this department. First of all, I should like to refer to the minister's reply concerning the condition of the runways at The Pas, Manitoba. I appreciate the information that the engineers are looking over these runways in an endeavour to see what can be done. I know the people will be gratified with this information. I understand also that since they are making this investigation we can be reasonably sure every effort will be made by them to turn in a report on the work which is necessary. However, I am hoping that, when it is proven this work is necessary, there will be no hold-up along the line anywhere. This is extremely important, not only to the people of The Pas but to various people in all parts of northern Manitoba.

The aircraft which has been making the regular scheduled flights into The Pas, as I mentioned this morning, was a Viscount, but it is unable to land at The Pas. The company that operates this service has inaugurated a shuttle service with DC-3's between Thompson and other points in the north, bringing passengers from those points into Flin Flon. They are just coping with the situation on a temporary basis, but that is disrupting many things right at The Pas airport.

As the minister probably knows, this airport was constructed somewhere around 1942, and was taken over by the Department of Transport at a later date. Since then, industry has built up in northern Manitoba and several small businesses have sprung up in the area of The Pas airport as a result of the increase in passenger services. If something is not done to have these services resumed as quickly as possible, these people are also going to suffer considerable financial loss. I would hope, therefore, the minister

would seriously consider this report when it is available and take the appropriate action as quickly as possible.

There is another airport in northern Manitoba which is extremely important, namely the one at Thompson, Manitoba. I understand that plans are under way for the hard surfacing of the runways at this airport. I ask for the utmost co-operation from the minister in seeing that there are no road blocks put in the way of this work going ahead as rapidly as possible. I do not know what the situation is at the present time. However, the last time I inquired it was hoped the hard surfacing could begin this year, and I sincerely hope that will be the case.

My congratulations go out to the officials of the minister's department for the very splendid work they have carried out on airstrips in northern Manitoba in recent years. At both Flin Flon and Lynn Lake we have new 5,000 foot runways, forming part of a network of airways throughout northern Canada. These strips are widely used and appreciated by the people of the area. They are a credit to the department, and I can assure the minister that the planning and engineering which went into them left nothing to be desired. Both the headquarters staff and regional staff at Winnipeg worked in close co-operation in doing this work.

However there is one thing which does create a problem for the local authorities in the operating and maintenance of these airstrips. It is a problem well known to the officials of the department, that which local authorities have of finding enough money to operate the strips.

I know there are regulations under which subsidies are granted, and in the case of Flin Flon everyone is quite happy with the type of system that is in effect. In fact, much to the surprise of some people, I believe they have found it economically profitable to operate the airport there. As against that there are places like Lynn Lake which have repeatedly sought, and in some cases received, assistance in the form of snow removal equipment for the maintenance of runways. This is a bigger item than a lot of people realize because the runways must be maintained in perfect condition throughout the winter. Snow removal must be kept up almost daily and it becomes very expensive.

I would ask the minister to give this problem his utmost consideration, and when requests of this nature come in I would ask that he send recommendations to the officials concerned to co-operate in every possible way.

I have found that many small places in the north which have local airstrips also have very ambitious flying clubs which provide good community service to adjacent areas. These clubs in many cases are desperately in need of some sort of assistance, and I do not know where else they can get it except from the department. However, from inquiries which I have made, I have discovered that the regulations do not permit the department to grant some of the assistance which has been requested.

As an example I mention Swan River in Manitoba, where on many occasions members of the local flying club have in emergencies flown patients out to various hospitals, and have provided other public services to the community. The club has been requesting the department to supply it with a temporary lighting kit so that the airfield, when necessary, could be used for night flying. But the regulations do not permit the department to supply any equipment of that nature to anything other than a municipally administered airport, or to a Department of Transport airport. This is something which should be examined so that if by chance the department has surplus equipment of this kind it could be made available to recognized and authorized flying clubs, on either a loan or rental basis, as the department may see fit.

This is very important as such clubs cannot expect too much aid from municipalities. They are not costing the treasury of Canada anything, and small requests of this nature should be met if at all possible.

There is only one other matter I wish to mention, and I shall be brief because I understand the hon. member for the Northwest Territories has something to say about it. It has been suggested to me on many occasions, particularly in the north, that the possibility be examined of providing, under conditions set out by the department, some search and rescue, or homing equipment for private aircraft operating in the northern areas.

Hon. members who represent northern constituencies have from time to time experienced the anxiety, and in many cases the tragedy, of planes going down in the bushland. In many cases long searches are necessary before these planes and the survivors, if any, are found. Many of the bush flyers have brought it to my attention that if this equipment were installed on their airplanes very little time would be lost in finding the wreckage if they were forced down. However the small operators feel this equipment is a little too expensive.

One of the main items of expense arises from the fact that the batteries are costly and do not last very long. However I understand that many of these so called SARAH sets are available, and if the Department of Transport could compel all pilots flying in

designated areas to have this equipment, and further, could supply it to them on a loan basis, we might find that the savings which would result from the money now spent on air search and rescue would be sufficient to cover a plan of this nature.

In conclusion I would like to mention rail transportation. I shall not deal with the freight rate situation, as I dealt with this some weeks ago when speaking in the house on the desirability of equalization of freight rates. At that time there was some opposition from the parties to my left because I did not offer any concrete solution for the problem, but I did point out that it was gone into very thoroughly by the MacPherson royal commission, and I said certain of its recommendations should be examined closely.

In my area there is little highway competition for the Canadian National Railways, and in practically every place where there is no competition from highway traffic there is no free pickup and delivery of express or l.c.l. freight. The moment the road goes in, the railway generally puts in a system of free pickup and delivery of express and l.c.l. freight. I think this is a matter that should be looked into by the minister so that all points served by Canadian National Railways receive the same consideration in this regard.

Mr. Prittie: Mr. Chairman, I should like to take a few moments to bring to the attention of the minister an airport problem concerning the greater Vancouver area. Before I do that, my colleague the hon. member for Port Arthur, who is not here this afternoon, asked me to ask the minister when he may expect a specific answer to his question No. 963 on the order paper.

In recent years the air traffic at the Vancouver international airport has become such that there has been a move to remove the smaller, light aircraft away from that very busy airport. With this object in mind, a few years ago a new airport site was selected for light aircraft at a place called Pitt Meadows about 25 miles from Vancouver. The site is not a very good one in the view of many people. The body charged with regional planning for that area of British Columbia, the lower mainland regional planning board, specifically recommended against the choice of this site for more than one reason. They felt it was not a good site for aircraft and it would be spoiling an otherwise good industrial site. The minister has recognized the fact that it is not a very good site. He was out there last week to open this new, light aircraft airport, and this is the report contained in the Vancouver *Province* of July 22 in connection with that visit:

Transport minister George McIlraith said before the opening ceremonies that he did not know why Pitt Meadows was chosen for an airport.

"It was one of the things I inherited from the last government", he said.

The light aircraft operators are divided on this topic. One group has moved to the new airport and another group, the B.C. aircraft owners and pilots association, has refused to move. There is another airport available in the area. This is at Boundary Bay, British Columbia, which was built during the war as an air force training airport. It is a very large site. In recent years it has been used as a wireless station by the Department of National Defence. The light aircraft association has asked the Department of National Defence if they will give up part of this site —it is no longer used as an airport—for the use of light aircraft. It is much more handy to the main population centre and I believe it has much less rainfall than the site at Pitt Meadows. The Department of National Defence have replied that they cannot give this site up, for security reasons, because this wireless station is supposed to be so very secure. In order to test the security of this installation the Vancouver *Province* newspaper sent two reporters out there. They were allowed past the gate without giving in a pass. They drove around this supposedly secure place. They took pictures. They drove at 60 miles per hour on runways, and they eventually left without giving in a pass. The matter was brought to the attention of the Department of National Defence and the commissionaire on the gate was fired. However, the reporters made the point that civilians go in and out all the time and that just a mile from there is a small, private airfield with 25 aircraft which fly over this site all the time. The point, of course, is that it really does not need to be so secure as the Department of National Defence would have us believe.

The B.C. aircraft owners and pilots association have suggested to the Department of National Defence that some arrangement could be made whereby this site could be used both for the wireless station and by the light aircraft owners. I realize that this involves the Department of National Defence, but it also involves the Department of Transport and I hope the minister will speak to his colleague about this matter at some time. The Vancouver *Province* of July 16 summarized the situation in this way, in question and answer form, putting forth the views of the Department of National Defence and those of the light aircraft owners:

Here are the arguments:

Government: It would cost too much money to move the installation at Boundary Bay and a better site is not available anyway.

Pilots: Don't move it; there are 825 acres and lots of room for both of us. Just fence it at our expense.

Government: The runways are in bad condition and not suitable for landing small aircraft.

Pilots: The runways are excellent, once a few weeds have been removed.

This resulted from the testimony of the reporters who looked at it:

Government: The small aircraft would represent a threat to national security; it is a wireless station—not an airport.

Pilots: It has always been an airport and the presence of a public skating rink, and hundreds of civilians has not been termed a risk up to now.

Government: The flight of small aircraft will cause an electrical disturbance that will interfere with the wireless operation.

Pilots: There are 27 aircraft based about a mile away and have been for some time. The field is in the flight paths of a great deal of activity from Vancouver airport and the Seattle-Tacoma airport.

Government: There is too much fog at Boundary Bay and the weather conditions are not as good as at Pitt Meadows.

Pilots: There is far less fog at Boundary Bay; Ladner nearby gets only 36.23 inches of rain a year as compared to 88.94 inches at Pitt Polder near Pitt Meadows.

What makes this a rather important problem in our area is that the lower mainland of British Columbia is a relatively land poor area. It is surrounded by mountains, the ocean and includes the United States border, and there is not very much land. This site would, I am sure, make an excellent site for light aircraft. The people who use these aircraft generally live in the metropolitan area. They would not have so far to travel, and the site is a better one from the point of view of weather.

I would conclude my remarks by appealing to the minister to consult with his officials and with his colleague the Minister of National Defence to see whether the two positions cannot be reconciled. The light aircraft owners have suggested a means whereby the wireless station could be fenced and made perfectly secure, and the runways could be used by the light aircraft owners. I would hope the minister will give this matter some consideration and speak to the Minister of National Defence about it.

Mr. Kennedy: Mr. Chairman, what I have to say concerns what was discussed a little earlier, the question of railway line abandonment. This is a matter which is not on nearly as large a scale in my area as it is in western Canada, but it is none the less important to us in the east. At the present there is an application before the board of transport commissioners to abandon about 25 miles of railway line between the villages of Tatamagouche in the constituency of Colchester-Hants and Scotsburn in the constituency of my colleague the hon. member for Pictou. This rail line abandonment would isolate some communities on that north shore, and—and this is important—it will isolate a farmers' co-operative which deals in western feed grains.

Also of great significance is the fact that this line connecting, as it does, Oxford and Stellarton, provides an alternate route into the province of Nova Scotia. Although it is not of the standard of a main line, it has been used on many occasions as an emergency route when there has been a blockage of the main line. In the last few days there was a serious derailment on the main line and according to press reports passenger traffic was routed over this alternate route. If this abandonment is allowed it will remove 25 miles from the centre of this line and will break this link. I think it is rather important to remember that not only would this link serve southern and eastern Nova Scotia in an emergency, but it would also connect the routes leading into Newfoundland. I might add I noted yesterday that the municipal council of Colchester county endorsed a resolution opposing this abandonment. I just wanted to bring this matter to the attention of the minister so that when consideration is given to the over-all problem of rail line abandonment he will also consider this question, not only in the light in which it is held locally but also having in mind the fact that it is an alternative route into that part of the country.

Mr. McIlraith: Mr. Chairman, perhaps I might answer one or two of these questions now, and I will try to do so as concisely as possible. One matter I forgot to mention to the hon. member for Three Rivers is that the committee on transportation, now in full operation, meets, I think, what was put forward by the Prime Minister in the election campaign. I did examine the point quite carefully and am satisfied about that.

The hon. member for Burnaby-Richmond raised the point about the satellite air station at the international airport at Vancouver. The problem there is quite simple. There is a great deal of traffic involving large aircraft coming into Vancouver airport. The take-offs and landings of small aircraft which use the satellite airport have been as high as 620 in a single day, so that the hon. member can see the need for taking action. The former government did take action, it is true, but I did not want to take the responsibility for the accuracy of the report in the Vancouver *Province* because I have not seen the report. It may or it may not be accurate. I did mention the subject when opening Pitt Meadows airport on Saturday, but I do not recall any reference to the

subject mentioned by the hon. member. He referred to light aircraft. Great numbers of these light aircraft people are very enthusiastic and keen about the Pitt Meadows airport. The small aircraft owners association, headed by a gentleman, who I think I can say without impropriety, was rather vocal on the subject, for some reason refuse to accept the simple statement of fact that it is not possible to have the military air base at Boundary Bay vacated for use as a statellite airport. That is not possible. I tried to make that point clear in all interviews, whether with the press or the radio and television people, in Vancouver on Saturday. Flying into that airport and using only part of the field, and so on, is not possible. The unfortunate part of it is that the Department of National Defence has not been able to give as fully as it might wish, the reason it is not possible to make this airport available; I think I should make that clear.

While I said it is quite true that the Pitt Meadows airport was chosen by the former government and work was undertaken on it, I can see nothing in the files which would lead me to believe other than that there was very careful consideration of the alternative. The other alternative was to locate in an area where there are a great number of residents, and the university there would have been interfered with rather seriously. I am sorry that this lack of understanding about the non-availability of Boundary Bay airport has not been made clear before, and I hope my remarks today will tend to provide an appreciation of that point.

As to the reference to distance with regard to the Pitt Meadows airport, as the hon. member knows from living in the area, there are new road construction programs under way in Vancouver. Accessibility to the airport from the centre of the city on the new roads I am sure will be much better than the accessibility of the airport with the existing roads today.

The hon. member for Colchester-Hants made reference to rail line abandonment in his particular area. I have to confess that I simply have no knowledge of that particular abandonment, and I would be less than frank if I said otherwise. But I can tell him that I am a little partial to his part of the country and I would like to make a personal inspection of it one of these days. I could think of nothing more pleasant. In any event the matter is before the board of transport commissioners at the present time, and I hope he has made his point of view clear in the appropriate way.

Another hon. member asked me about a question on the order paper; I have forgotten the number. I expect the answer to that rather lengthy question to be available next week.

The hon. member for Churchill asked about the Thompson airport and the paving contract. The tender call for that will be going out next week.

(Translation):

Mr. Ricard: Mr. Chairman, the few observations I have to make this afternoon might be more properly made at a hearing on bilingualism and biculturalism, but since they concern more particularly the C.N.R., I shall make them now.

As the Minister of Transport (Mr. McIlraith) is aware, I have exchanged a few letters with him where I suggested to give a more bilingual character to the administration and the operation of the railway. In fact, I think we could use the national railways as a means to promote bilingualism all across Canada.

But, when you travel by C.N.R., you are forcefully made aware of the fact that you are entering wagons which are owned by only one group of the population and I think that the use of a little more French besides English would further the cause of bilingualism. If he did that, the minister would create quite a reputation for himself as champion of that cause, and some of the honour would be reflected on his parliamentary secretary (Mr. Cantin) who could claim also some credit for himself.

In the answers the minister sent me, I found nothing to show that my suggestions would be welcome. And if I raise the matter in the house, it is because I think the minister answered in such vague terms that I cannot know whether the responsible authorities will take them into consideration.

In fact, if I refer to the letter the minister wrote me on June 17, 1963, here is what I find:

> Be assured that I will be glad to take it up with the management of the company right away.

And in his letter of July 3, 1963, the minister told me:

> Be assured that I immediately brought to the attention of the management of the company your additional remarks.

Mr. Chairman, what I would like to know from the minister is whether he has given instructions or whether he intends to give any to the appropriate authorities of the Canadian National Railways in order that, in

the future, posters, boards and signs be written in both French and English, in the stations and on the C.N.R. cars.

It seems most abnormal, for instance, to see in all C.N.R. stations in the province of Quebec signs and posters in English only; since the present government has decided to create a royal commission on bilingualism and biculturalism, I believe that it has a wonderful opportunity to give convincing concrete evidence of its desire to take action.

In addition, I say once more to the minister that he would acquire an enviable reputation for himself and for his parliamentary secretary if he acted in furtherance of the various suggestions I made to him.

(Text):

Mr. Rideout: In view of the fact that I have the honour to represent the largest railway terminal in Canada on a per capita basis I feel that I should draw a few matters to the attention of the minister. First of all, I should like to express my thanks and appreciation for the fine co-operation I received from the hon. gentleman's predecessor, the minister of transport in the former government. He was always most genial and kind and he understood my many problems.

During his period in office we discussed, among many other things, the lengthening of the runways at Moncton airport and I was given to understand that they would be lengthened this year. However, I am afraid that provision for this will not appear in the estimates. Moncton airport is one of the largest in Canada on the basis of arrivals and departures. It is my understanding that we rank eighth. It was clearly brought home to us not long ago, however, that modern facilities at Moncton are sadly lacking. We had arranged a board of trade mission to the old country and it was necessary for us to leave from the city of Halifax because the airstrip at Moncton was not adequate to handle DC-8 aircraft. I bring this to the attention of the minister because this airport serves not only Moncton and the surrounding area but also, to a large degree, the province of Prince Edward Island as far as air travel is concerned.

Our terminal facilities are antiquated. They are not in keeping with today's standards. The minister has told me that some effort will be made to deal with this in 1964. Restaurant facilities are in another building and passengers are called upon to climb several flights of stairs before they can get coffee or a meal. This is certainly not the situation in other parts of Canada, and it should not be the case at an airport such as Moncton, having regard to the volume of business which is done there.

[Mr. Ricard.]

Now I should like to say a few words about the Canadian National Railways, because we have some 7,000 employees of the Canadian National in my constituency. I know we are all very much interested in employment at this time. I have taken note of the overtures made by the city of Winnipeg concerning the removal of terminal maintenance facilities from Winnipeg to Montreal. I should like to protest a move which took place some three years ago which resulted in our Canadian National passenger car shop going from Moncton to Winnipeg, closing out our entire operation in this regard. Fifteen years ago we had about 3,000 people working in our main shop. Now we have about 850. I should like to draw the attention of the minister to the importance of having this shop reopened. Passenger traffic has increased by 250 per cent in the Atlantic region and this work should be done in Moncton. It would not only be good for employment there but it would mean a saving to the C.N.R. of the cost involved in transporting equipment to Winnipeg and then returning it to Moncton for service.

Another matter I should like to mention concerns the contract entered into by the C.N.R. under which the company was to develop 25 acres on Moncton's main street. This work was to be completed by June 1, 1963. There has already been built, and I commend those responsible, an eight storey palatial office building in Moncton which certainly is a credit to our city. But when is this $15 million development project to go forward? Work on this project has been stopped without any reason being given. People in my constituency are continually asking me when it will go forward or whether a hitch has occurred in the plan. No distinct stand seems to have been taken by the railway company. Work has been started on the C.N.R. station. I have received protests from the city council to the effect that this station is far too small and that it will not accommodate the present passenger traffic, let alone the traffic which they expect in the future.

A number of hon. members on the other side have spoken about rail abandonment proposals. Perhaps to a lesser degree, we in the maritime provinces have a similar problem. In some cases the abandonment of lines may be necessary but I feel that in others the board of transport commissioners are too hasty in approving abandonment proposals. I do not think there is any doubt that the board is pro-railway. They go out and hold hearings. Then they come back to Ottawa and pontificate. They say: "Yes, you had better abandon that line". It all seems a form they run through. The line is abandoned, many people are put out of work and commerce is in some cases reduced to a standstill.

I am sorry the hon. member for Port Arthur is not here today. He referred to me a couple of weeks ago in the course of some comments he had to make about the morale of railway workers. I have to agree with him that it is not as it should be. This is not due to top management but rather to the fact that in some cases men with 25 or 30 years service have been laid off. This is not a good situation. Hence we have bills coming before this house saying that people who have been hurt in this way should receive compensation.

I know of no finer way in which to relieve unemployment than to use this crown corporation. It is fairly well organized and has been going on for a great number of years. There are many avenues in the lumber industry and in other industries across Canada that are yet untouched and which Canadian National Railways could assist in developing. If we are going to close down railway lines all the time in this young country of ours it is a very great mistake. We have found that out already in many cases. In some cases where lines have been abandoned it has been revealed later that they never should have been closed down. However, the railways will not admit this. These are a few of the smaller items that I should like to draw to the attention of the minister.

Mr. Rheaume: Mr. Chairman, in rising to speak on this item I feel I do so from a good position, because I am the representative of a constituency of 1,300,000 square miles, give or take 50,000 or 60,000, roughly the size of the provinces of Manitoba, Saskatchewan, Alberta and British Columbia put together. I mention this because if the Northwest Territories have anything in real abundance it is distance, and this has tremendous implications for the future development of the aviation industry in the Northwest Territories. In my view the Minister of Transport has an opportunity to play a vital role in assisting in the development of the 40 per cent of Canada that lies north of the 60th parallel.

At the present time almost all phases of development in the Canadian north are directly dependant on aircraft. The great surge of northern development occurred in the wake of the use of aircraft. It is probably true to say that every producing mine in the Northwest Territories owes its existence to the fact that aircraft were available initially to take in prospectors to remote areas and then played a vital and continuing role during the construction and operation phases of all mining communities in the north.

In terms of government services, and the minister is well aware they have been expanded many times over during the past five or six years, every one of our major services in the north is directly dependant upon aircraft. Our health services are dependant on aircraft for the transportation of hundreds of people from the remote areas of the constituency to larger centres for medical treatment. Our educational system in the Northwest Territories is dependant on aircraft to be able to move hundreds of children thousands of miles each fall into the larger centres where there are schools, and to return them home in the spring for their summer holidays. Government administration could not be carried on in the Canadian north without aircraft.

I have risen at this time to ask the minister a few questions in relation to aircraft. The first thing to which I should like to refer is a matter that was raised by the Minister of National Defence relating to the partial closing down of the distant early warning line in the far north. The closure of some of these sites raises the question of alternative uses. I think it also points up that the writing is on the wall so far as the remainder of the distant early warning line is concerned. I hope that the Minister of Transport will be in continuing consultation with the Minister of National Defence with regard to alternative use of the hanger facilities and refueling and telecommunication facilities that the distant early warning line could provide for commercial operators who are attempting to provide service in the far north.

I would be interested in having the minister tell me something about his plans for airports. Many northern communities are at present cut off from all medical and other supplies for almost four months of the year during the periods of freeze-up in the fall and break-up in the spring. In 1963, when it is possible to send a cosmonaut in orbit around the world in one day, then send up a girl to find out how he is doing and retrieve both of them safely several days later within a few yards of waiting newsmen, I find it inconceivable that thousands of our northern Canadian citizens should be in precarious isolation for 25 per cent of the year.

I suggest to the minister that a massive program of airport development is now required for the far north. I am not referring to paved runways with strobe lights. I am talking about smaller emergency type strips adjacent to the 20 or 30 northern communities that have absolutely no airport facilities whatsoever at the present time. I would hope that the Minister of Transport would also be in close consultation with the Minister of Northern Affairs and National Resources with a view to co-ordinating work projects in the north to provide these emergency airstrips.

I should like the minister to support an increased program of aids to navigation. By this I mean nothing more than the provision of navigational beacons. I should like to give the minister one example of what I have in mind. During the spring campaign I had occasion to fly in a single engine aircraft from Yellowknife, Northwest Territories, 600 miles due east to Baker Lake, Northwest Territories. The present aids to navigation in that entire 600 mile trip consist of the Thelon river which has been there many thousands of years. The position of travellers in the Canadian north, who quite frequently go on trips that take them thousands of miles, is rendered that much more insecure and unsafe by the failure to provide adequate aids to navigation. I would hope that the minister would have the appropriate section of his department look into the possibilities of providing better service to the bush pilots by making available information on such things as upper atmosphere winds.

A matter that is, perhaps oddly enough, of immediate concern to those of us who make our homes in the western part of the Canadian north is the fate of the municipal airport at Edmonton. I would hope that the minister's department could clear up this matter rather quickly. As he may be aware, those people who live along the Mackenzie river depend almost entirely on the service provided by Pacific Western Airlines flights to bring them mail and supplies. It is important to Pacific Western Airlines and therefore to the people of the north that the municipal airport in the heart of downtown Edmonton be available. It is important to us, because we depend on arrangements for the transportation of supplies on a daily basis to Pacific Western Airlines at the municipal airport for furtherance to the north. We consider that any move to Nisku airport would increase the costs of freight handling for us. We know for certain it would be much more inconvenient.

I should like to have the minister tell us something about the plans of his department for the provision of safety equipment for commercial operators in the Northwest Territories. Some time ago I received a return to a question concerning the cost of R.C.A.F. search and rescue operations in the Northwest Territories. The total cost in 1962 was well over $250,000. I predict that in 1963, R.C.A.F. search and rescue costs in the Northwest Territories alone will exceed $1 million. It seems to me that the Department of Transport must examine this very carefully to find if there might be a way of not only providing commercial operators in the far north with safer equipment in terms of rendering air travel more secure, but also in terms of saving the Canadian taxpayer a good many dollars.

I also raised a question some time ago about the firefighting equipment available at those air terminals that are in existence along the Mackenzie river. The answer I received was that the standard of equipment at these airports was not adequate to meet the minimum standards of the department, but that the department would look into it. I hope this situation can be corrected immediately, especially at a time when Pacific Western Airlines, who serves the western part of the north, are providing DC-6 service on a daily basis to many of our northern communities. We would hope the department would take immediate steps to provide the kind of firefighting equipment necessary at the terminals at which these aircraft arrive.

In closing, Mr. Chairman, I want to make a passing reference to the resignation of Mr. Paul Davoud, who was chairman of the air transport board and who was known by a great many northerners. We notice his resignation with some regret. His efforts as chairman of the air transport board were appreciated by everyone who was interested in northern Canada. We hope his successor will bring to the position the same kind of enthusiasm and effort to a very demanding job.

Mr. Herridge: Mr. Chairman, I should like first to congratulate the minister upon his appointment and to thank him for his prompt attention to any matter I have brought to his notice. I should like also to say I appreciate the co-operation and good work of the permanent senior officials in Ottawa and throughout the country. I might say these gentlemen carry on the administration of this department behind the scenes. They are like flowers that bloom unseen and waste their sweetness on the desert air. Frequently I have to deal with matters of national and international scope, but this afternoon, because of the nature of these estimates and the type of constituency I represent, I will apologize, Mr. Chairman, if you think on occasion I am somewhat parochial.

I am going to deal with my complaints in sequence because I think the minister can deal with them better under these circumstances, and this method avoids interruption when the items arise. The first matter I wish to bring to the attention of the minister is the question of continued passenger service on the Kettle Valley Railway. I have mentioned it on previous occasions in this house. I continue to receive letters in this respect from chambers of commerce, trade unions, women's organizations, and boards of trade, and they all say, "Whatever you do, Bert, don't give up on the Kettle Valley Railway." So, I am raising this matter.

I wish to bring to the minister's attention certain changed circumstances that have to

be considered by the board of transport commissioners when they are giving consideration to the application of the Canadian Pacific for the withdrawal of this service. I have a letter here from the local chairman of the brotherhood of railway trainmen. I should like to quote from one paragraph, because this information changes the whole circumstances and removes the reason given for changing the service some years ago. This information removes the argument advanced by the Canadian Pacific at that time. In so far as the financial argument is concerned, if the company would not divorce the passenger service receipts from the revenues of the company as a whole, this is one of the most profitable lines in Canada. The company is located in an area which returns the greatest profit to the C.P.R. because of its association with Consolidated Mining and Smelting Company. I quote the following paragraph from the letter from W. H. Towhey:

> The R.C.M.P. have taken off all railroad bridge guards and the C.P.R. will have all walking track patrols taken off by August 15, 1963. This means that after August 15, 1963, the areas between Nelson, Midway and Trail will be back to the normal police protection, the same as it was back in 1952. There will be no rail bridge guards or track guards or patrols night or day.

In other words, Mr. Chairman, this means we have returned to normal in Kootenay West so far as railway traffic operations are concerned and the hazards that were related thereto. I do hope the board of transport commissioners will give consideration to these changed circumstances when considering this application. I am not going to repeat my arguments. The minister knows this is the only all-weather transport available to 100,000 people in the interior of British Columbia. The population is producing hundreds of millions of dollars worth of material from the mines, smelters, forests and agriculture. I do hope that the minister will see my point of view. My spirits have risen since his appointment. I hope he will discuss this matter with the board of transport commissioners so that we will have at least a daily train service with one day coach and a combination cafe and sleeping car to make certain the people of southeastern British Columbia will be able to travel under all weather conditions. Because of weather conditions, air transport is somewhat irregular in the winter months. Because of winter conditions our roads, particularly over the Princeton highway, are blocked on some occasions. I wish therefore, to make another appeal to the minister and I trust this will be my last.

I should like to direct the minister's attention to the excellent administration of the Castlegar airport which is owned by the municipalities of Nelson, Castlegar and Kinnaird. There has been a great deal of voluntary labour put into this airport. I like to see that. I think it is good and should be encouraged, especially when we have many citizens who are willing to devote their time and money to certain local projects. I know the department has rendered excellent assistance. There have been improvements in recent months and these are appreciated by the airport committee and by the communities that are dependant upon that airport. But I do suggest, because of the uncertain traffic during winter months, further consideration be given to the study of facilities that would make it possible for traffic to land even when the mountains are covered with clouds. At the present time no aircraft attempts to land if the clouds are lower than the surrounding peaks. I understand that problem has not been settled. It is particularly difficult in this district because of the terrain and the narrowness of the valleys. However, I do urge, on behalf of the different communities concerned, further consideration and study to improve this situation.

Now, in addition to that, because of the terrain and nature of our country, we have —I do not know their technical designation because I am a backwoodsman and I find these technical terms difficult to grasp—airports for the landing of aircraft on water, when they are equipped with water skis. We have one at Nakusp and at one or two other places. When these are being proposed I urge the minister to give assistance by way of advice in respect to their location and maintenance. The local groups who build them do so at no cost to the department or the people of Canada, and they are providing a very necessary service. The same applies to one or two smaller ports for planes that land on wheels. The officials of the department should render any assistance they can with respect to the location of these fields and their operation.

I have found in one or two cases that the people concerned were rather ignorant of the regulations and things of that sort. This is not an expensive matter and it is a service that would be much appreciated.

In recent months and years certain companies in the forest industry have been granted booming rights in bays along the Kootenay lake, the Arrow lakes and the Columbia river. This is very necessary for the storing of logs, but I would ask the minister to tell his officials to make certain that the navigable channels on the Columbia river, between Revelstoke, and Arrowhead are kept open for water craft, and to see

that no booms are allowed to be strewn across these channels which would prevent craft travelling through them.

Where this has happened it is possibly due to the oversight of some local official who does not understand the law or the regulations, and I urge that the officials be advised to see to it that these booms do not affect the navigable portions of the channels.

A year or two ago I brought up the necessity of having luminous plates placed on booms and boom anchors. These anchors are usually logs tied to a cement post in the bottom of a lake, or are heavy objects to which the booms are chained. When the booms are taken away a single log is left, and in some cases these single logs have proved to be a great hazard to navigation.

There are several near navigable channels on Kootenay lake, and the companies now operating on that lake place these phosphorescent plates on stationary booms and boom anchors. They can be seen at night by people navigating small craft, and I ask that the same regulations be enforced on the Arrow lakes and the Columbia river. The number of these booms is increasing, and sometimes the single anchor is left a long distance from shore and cannot be seen on a dark night by persons navigating small craft. All that is required is that a plate be attached to either side of the anchor or boom.

Another matter which should receive attention is the acceptance of responsibility for the clearing of snow from wharves, and the sanding of wharves. I am speaking of wharves constructed by the federal government, which I understand come under the administration of the Department of Transport, which usually uses the local public works supervisor, or someone like that, as its agent.

Some of these wharves have a 10 per cent grade and are used by people loading ships and barges. They become very icy and dangerous, and no one has assumed responsibility for clearing the snow from all these wharves. I think the department should make certain that in all cases they are properly cleared of snow and sanded when required for the safety of the public. In some instances the provincial authority does this work because the local foreman sees it as his responsibility; but this is not certain enough.

I also suggest signs should be placed on all wharves to prevent caterpillars, used by logging companies, travelling over them and damaging them with their very sharp cleats. Most of the operators are very good in that respect and lay down planks so that the cats can load onto barges or ships without cutting a wharf to pieces. But it only takes two or three trips with a 35 ton or 40 ton cat to rip the deck of a wharf to pieces. In this connection more attention should be paid to the enforcement of regulations governing travel of caterpillars over government wharves, because with their large cleats they can do so much unnecessary damage.

I am trying to be as brief as possible, as usual, but there is another matter I wish to bring to the minister's attention, concerning the operation of the Great Northern Railway between the international boundary and Nelson. This railway is owned in the United States and administered in Canada by a superintendent in the United States. I have found on one or two occasions, and in fact reported it to the board of transport commissioners, that the superintendent has ignored the request of ranchers along the railway to undertake to do the fencing required by law. In fact ranchers have lost cattle which were killed on the track because the Great Northern Railway, United States owned and administered, does not provide the fencing that is required by law.

I suggest that the minister's officials keep a close watch on the superintendent who is in charge of this division in Canada. He has admitted some responsibility but is a little inclined to drag his feet. I suggest that the minister give him a bit of a shove from behind.

Another thing I wish to bring to the minister's attention concerns the freight rates charged on this railway. There are people in the area who ship forest products on it, particularly fence poles and posts to the prairies, but the freight rates charged by the Great Northern to transport these forest products from a point near the international boundary to Nelson, where they are transferred to the Kettle Valley Railway, are so high in relation to the rest of the transportation that it makes it almost impossible for these persons to operate at a profit.

I had one letter of complaint in the early part of the session with regard to this matter, and I have had another letter from a second man since then. The board should keep a sharp eye on the administration of this small railway—it is about 30 miles long—to see that Canadian citizens' rights are not overlooked, just because the line is administered by officials in the United States.

There are a large number of launch clubs in the Kootenays. In fact people have taken a greatly increased interest in small water craft since the second world war, and groups have formed clubs to develop this interest as recreation for the people of the communities concerned. In addition there are large numbers of commercial craft, small tugs and things

of that sort, which have replaced the stern-wheelers that operated on the rivers up until 1957.

A great number of people have been concerned about the possibility of accidents with these small craft. In fact we had one unfortunate drowning a year or two ago because a boat was not equipped with the equipment required by law at that time. I urge that the department take a strong stand with respect to regulations governing the equipment that should be carried by these small craft, and governing their operation. I think the police get their best co-operation from the organized groups of launch clubs and organizations of that kind. The need for this type of strict enforcement is growing daily; that is why I bring it to the attention of the minister. I know he is interested, and I know about the conferences; but I want him to know about these things because in the district I have the honour to represent many people are concerned about them.

I have two other points, Mr. Chairman, with respect to aids to navigation. We are getting a great number of water craft coming up the Columbia river from as far south as Portland. As a matter of fact my son-in-law had 22 United States craft tie up at his residence on the Saturday before last Labour day which had come from as far south as Portland along the Columbia river. I understand that a total of about 175 such craft came up this river last year. These people had just begun to realize where the Garden of Eden is situated and where there are opportunities for 300 miles of magnificent water transportation.

These people require navigation aids. Quite a bit has been done by the department in installing navigation aids between the international boundary and in the narrows between the upper and lower Arrow lakes and between Arrowhead and Revelstoke. I brought this matter to the attention of the former minister and his officials and, as I say, quite a lot has been done. But more could be done, particularly in the narrows between the upper and lower Arrow lakes. The department should make sure that signs are erected which people can understand. It is not good enough to put an oil can up on a tree and paint it red. A man comes along often knowing nothing about this route and he wonders what he should do when the sign says he is supposed to go so many chains, where he should turn and steer to a white cross. I think more of these markers should be erected; a map should be made available for people to purchase and upon it these markers should be indicated. This should also be done in connection with the Kootenay river and Kootenay lakes. People should be able to understand what these signs mean. We have had a number of craft run aground between Arrowhead and Revelstoke because people simply did not understand what the signs meant. They got out of the channel and on to sand bars, and so on. I do urge that greater consideration be given to more adequate markers on the river and the issuance of maps showing what these markers mean.

The mines and technical surveys branch have promised for some time to publish a map of this sort. When inquiries have been made as to why this has not been done, the answer has been that they have been too busy on other things. Surely someone in the department could be given the job of marking these markers on the map and writing a code thereon as to what they mean. I do urge, Mr. Chairman, that this matter be brought to the attention of the Department of Mines and Technical Surveys.

My final recommendation is this. The activities of the Department of Transport cover a very wide field and what they do affects a large number of people. To realize that this is right one has only to look at the row of handsome officials in the gallery this afternoon.

Mr. Knowles: Order.

Mr. Herridge: My hon. friend from Winnipeg North Centre says order. I am not supposed to mention people whom I am not supposed to see; but I cannot help seeing them. There are a great many people in various departments that are concerned with these matters, who have the responsibility for the regulations covering the operation of small water craft, and so on. People are uninformed in many respects as to what the department is doing and the information that it available. I do suggest that the minister give consideration to having appropriate officials give an occasional talk to suitable organizations in various communities that are particularly concerned with the administration of the Department of Transport in so far as it is related directly to their daily lives. With those few remarks, Mr. Chairman, I conclude this spontaneous address.

Mr. Cashin: Mr. Chairman, I would like to make a few remarks about the ferry service between the mainland of Canada and Newfoundland. At the present time there is one car ferry in service between Port aux Basques and North Sydney. It has been noted that during the summer months this ferry is not able to cope with the demand for service and this need will undoubtedly increase, now that the trans-Canada highway is being proceeded with at a more accentuated

pace in the province of Newfoundland. The suggestion has been made within the province that the real need is for additional service between North Sydney and Port aux Basques. While I do feel strongly that the present service is inadequate and this will become more apparent, as I have suggested, I do not think that ferry service between Port aux Basques and North Sydney should be confused with the need for an east coast ferry to the province of Newfoundland. This matter has been discussed and I understand that a great deal of work has been put into it. For this we must congratulate the former minister of transport and his department. I am sure the present minister is giving this matter his full attention, but I would like to say a few words about it.

The second ferry to Newfoundland will provide an alternate route and a service to the residents on the east coast of Newfoundland. I am informed that the great majority of the cars which now travel to the island do not proceed all the way to the east coast. Undoubtedly with a paved road across the island this will change somewhat. But I feel the addition of the east coast ferry will mean that a greater number of people will be attracted to travelling all the way across Newfoundland because they will be able to return by a cheaper and shorter route, the east coast ferry.

I am concerned, and I think this concern will grow when the road is completed, as I have suggested, that an east coast ferry in addition to the existing service between North Sydney and Port aux Basques will be inadequate. In fact it is inadequate at the present time. I would therefore make two suggestions for the consideration of the minister. One is that the possibility of purchasing a second hand ferry should be looked into. This ferry need not be of the icebreaker type because it would only be needed, primarily at least, in the summer or fall months to meet the demand which exists at that time of the year. I understand that these ferries can be purchased in a number of places in the world at a very nominal price.

There is some suggestion that this is not a popular move because these things should be built in Canada. If we are already undertaking a sizeable expenditure to provide a second ferry to Newfoundland, it would seem to be in order, to meet the growing need, that a second hand ferry be purchased to go into operation, I would suggest, between North Sydney and Argentia, and at a later date it could go into operation between North Sydney and Port aux Basques. One other suggestion I would like to make is this. It has been suggested to me as a possibility that we could make use of, I believe they are called C-44's, the aircraft that is capable of carrying 10 to 12 cars. I think it would be a wise course if this suggestion were looked into as a possible means of transportation between Sydney and Stephenville airport on the west coast of Newfoundland. This type of service may reduce the overload on the existing ferry and may in some way be an attempt to meet the growing demand for service between the ports of Port aux Basques and Sydney.

I would say in closing, Mr. Chairman, that the people of Newfoundland are very anxious to have this matter of their ferry service taken care of. They are continually reminded of the fact that between the provinces of Prince Edward Island and Nova Scotia there are five ferries, I believe, in operation and they do not understand why it is they have only one. Therefore, I hope that very shortly we shall have an announcement pertaining to the east coast ferries and that the minister will find time to look into the two matters I have suggested.

Mr. Clancy: Mr. Chairman, on item 1 I am sure the minister is faced, and will be faced, with a great many applications from the railways to abandon certain sections of their lines. This is a complex problem and a very perplexing one which will not be the subject of any quick decisions. However, I have one or two matters I would like the minister to consider. When a railway gets permission to abandon a line, does the right of way revert to the crown? Do the mineral rights on the right of way also revert to the crown? All hon. members are reasonably familiar with the development of rail transportation in western Canada, and the government of the day gave large grants of land to encourage the railways to provide a service to the people and for the future. They gave both the surface rights and the mineral rights. I agree that 60 years ago those mineral rights did not appear to be valuable, but the surface rights were important. I feel that today when a railway receives permission to abandon a section of line providing a service for which they were paid, an adjustment should be made so that the mineral rights, or at least a percentage of them, will revert to the crown.

Mr. Stenson: Mr. Chairman, in taking part in a discussion of the estimates of the Department of Transport I should like to discuss the Trent canal and its possibilities for increased tourist trade. In my constituency the main tourist attraction is the Trent canal system. This deep-water system consists of many locks linked by various rivers and narrows, as well as the locks and channels of the Trent canal. The canal lift lock at Peterborough

which lifts boats to a height of 65 feet, is the highest hydraulic lift lock in the world, and I was very glad to see that the minister has in his estimates $175,000 for the work on this lift lock. I should like to ask the minister to attempt to have the work started as soon as possible after the close of the season so as not to interrupt travel on the Trent next spring.

The Trent canal attracts the largest number of pleasure craft in Canada. In 1959 the lockage of the Trent canal was 61,935, the highest in the nation. This figure was more than three times the 20,510 recorded in 1954. The canal system was built over 50 years ago and is a compliment to the engineering of that era. The money which the Conservative government set aside to beautify and restore this system during the last parliament should not be pared in any way, because this system brings to Canada millions of tourist dollars each year. It has been said that 24 tourists daily equal a $100,000 industry. This should be very interesting to the new Minister of Industry. More than 450 resorts and camps cater to visitors in the Kawartha lakes area, and the permanent summer population of tourists and visitors is more than 100,000 people. Our summer visitors in the Peterborough area total many more than one million each year. This is why we feel we should not pare estimates for our canal systems. Canada has in the Trent a tremendous tourist attraction which is only now approaching its potential as a tourist dollar earner.

Now that I have spoken of the potential of the Trent as a tourist dollar earner I should like to point out the inadequacies of the methods employed on the Trent system. I refer particularly to the opening and closing of the locks. I do not think it is fair to these employees to subject them to the drudgery of opening locks in the same manner as they were opened over 40 years ago. There has been a start made to electrify them, but this should be speeded up. I understand the hon. member for Northumberland is opening a new lock at Fenelon Falls tomorrow.

Mr. McIlraith: I should like to be there.

Mr. Stenson: Perhaps we should all be there. I feel the system has been neglected too long, both from the standpoint of the people operating the locks and from the standpoint of the people operating the boats.

I also want to make reference to the low level bridges which are found on the Trent system. There are several of them in my constituency. Surely it is about time in this day and age that we eliminate these places where boats have to stop in order that bridges may be turned. These are things which hurt our tourist industry. Both boats and highway traffic are held up while bridges are being turned. I know of two such places in my riding on busy highways, and I understand the Ontario department of highways has plans to correct this if they get support from the Department of Transport. Such things are very annoying to our tourists. I feel that we should get rid of these obstacles so that we can invite tourists from the United States, who are used to electrification of locks, to enjoy our canals. The prospect is that many more boatmen from the United States will use this water highway.

I should like to refer to the recommendations in volume 3 of the Glassco report, where they recommend a toll system to assist in the cost of operating our canals. I am afraid this will cost the Department of Transport more in supervision than they could realize from the rentals. An alternative to this problem, which I feel would help to give some revenue to these systems and to the tourist industry, is the tax that the Ontario government refunds on gasoline used for marine purposes. If this amount of money were put back into the upkeep of these canals for our tourists there would not be a need for tolls or wharf rentals. In Ontario for the year ending March 31, 1962, the government refunded to the boating public the sum of $610,000, and it was estimated that another $600,000 was not claimed. This amounts to $1,210,000. This money is realized from an 11 cents per gallon refund on gas used in motor boats. At the present time I have not the figures of refunds received by people in the province of Quebec or the other provinces across Canada. To bring these tax refunds into the federal system, it would mean an adjustment between the provincial and federal governments. We realize that the boating industry is growing every year. Lockage on the Trent system is increasing by 10 per cent every year. Along with this increase in the use of the Trent, the operation and maintenance costs of the system have increased. In addition to this there are costs of rebuilding and replacing the locks. This has been estimated over a ten-year period to be over $12 million.

In conclusion, may I say there are a few other areas of this waterway in which I should like to see some improvement. There should be sewage disposal tanks provided in appropriate areas so sewage could be pumped from boats. No sewage should be emptied from cruisers or houseboats into our canal systems.

Our locks should be open from early morning until sundown to service the public properly. Men working on the locks should not be asked to work seven days a week from eight in the morning until late at night. If there were a double shift, it would be a help

to the men operating the locks and give better service to the tourists. In closing, I should like to say that we should get on with the completion of this waterway in order to help balance our tourist trade with the United States.

Mr. Regan: I am anxious to make a few comments with reference to transportation because questions of transportation are, indeed, the essence of the economic problems in the maritime provinces and, in particular, in my constituency of Halifax.

The present freight rates policy of this nation coats the martime arteries of transportation, interfering with the economic and healthy flow of goods through those arteries. As you know, Mr. Chairman, the Atlantic development board has already indicated it will investigate the effect of the St. Lawrence seaway both in the past and in the future upon the maritime economy. I hope the Minister of Transport will pay close attention to the results of this investigation because, if we in the maritimes are to be helped, the greatest thing that the Atlantic development board or the area development agency of the new Department of Industry or, indeed, any other branch of the government could do would be to use the transportation facilities which exist in this nation, and particularly the government-owned railway, so as to provide something closer to a postal stamp system of freight rates so that manufacturers in all parts of the country would have an equal opportunity to ship their goods elsewhere. This would be the best way of making the maritime region self-supporting and prosperous, along with the rest of Canada. If this were done we would find there would not be these large areas which lag so badly behind the rest of the nation in economic development, as do the Atlantic provinces and some other areas.

In the constituency of Halifax our largest industry, and the backbone of our economy, is the port of Halifax and the handling of the goods which historically go through our waterfront, both in the course of importation to Canada for use in the central Canadian market and in the course of export by the manufacturers of Ontario, Quebec, and the central region. The handling of these goods both coming and going provides employment on the waterfront of Halifax. Traditionally, Halifax, along with Saint John, New Brunswick, has been the major winter port of this country. But there is no rail or freight subsidy on goods imported or exported through maritime ports. These goods are carried at the normal freight rates of the railway. We have been placed in an increasingly disadvantageous position and have suffered economic hardship because of the growing extent of subsidies to other means of transportation, particularly since the completion of the seaway. Throughout the length of the St. Lawrence we see a subsidy on navigation aids. Aids must be given to navigation from the time a ship enters the St. Lawrence river proper to the time it reaches Montreal and, of course, beyond that, on the seaway itself.

Another subsidy to transportation on the St. Lawrence river is in the form of dredging, which is done at federal expense. Another is the use of icebreakers, which has increasingly lengthened the St. Lawrence shipping season to the disadvantage of the maritimes. Another subsidy to transport on the St. Lawrence river is pilotage in the river proper, as distinct from pilotage in the harbours which are on the way. This type of expenditure is not needed outside harbours in the Atlantic region because pilotage is not necessary on the open sea. In addition, on the seaway itself we have artificially low tolls which do not return the amounts of money which have been invested in this great and forward looking water system.

As a result of all these circumstances, the port of Halifax is this summer suffering from loss of business. We have had in the Halifax area the quietest summer along the waterfront in many years. Each year has become a little worse. Even within the past month or two, shipping lines which carry goods to Africa have found there are competitors who are willing to go to the head of the seaway. I do hope that while he is waiting for the results of this over-all investigation by the Atlantic development board the minister will consider immediate measures to stop any further erosion of business from our port at the present time. Of course, every ship which changes its ports of call and abandons the port of Saint John or the port of Halifax makes the situation more acute because frequency of sailing is about the most important thing a port can offer when it goes looking for goods to be shipped. If a port cannot offer frequent sailings it cannot interest manufacturers, exporters or importers in using its facilities. Thus, when we lose certain ships or established lines there is a chain reaction which hurts us in other ways.

We heard the Minister of Trade and Commerce announce in this house two or three days ago that the government intended to spend $40 million in new or extra aid to underdeveloped countries by providing them with food, presumably flour and wheat. I would urge the government to consider channelling a large proportion of these additional exports through the maritime ports. In this way we would receive some measure of

immediate help. I know that recently there have been instances of shipments of grain and flour specifically destined for Poland having gone through the port of Vancouver, even though Vancouver was so busy that ships were waiting to be loaded. I hope that the Minister of Transport will continue to keep a close watch on this situation and do everything possible for the assistance of transportation in the maritime provinces because only when we have a comprehensive freight rates system, indeed something close to a postal stamp type of freight rates system, will it be possible for the maritimes to be prosperous again. In this regard I also want to say that the continued use of the port of New York both for the export of Canadian goods and the import of goods into Canada should be curtailed in some manner by the government for the greater economic benefit of Canadian ports.

To turn to one other subject very briefly, Mr. Chairman, there is in the Department of Transport estimates the usual deficit, although not a large one, for the ferry operating between Yarmouth and Bar Harbor which transports passengers, passenger cars and trucks. The service provided by the motor vessel *Bluenose* is of very great importance to the tourist industry in Nova Scotia, but I feel that at the present time it is inadequate and there is great need for a second ferry, particularly for the summer months, on the run from Bar Harbor to Yarmouth. The *Bluenose* has been successful on this run, where earlier attempts at a ferry service between New England and Nova Scotia resulted in astronomical losses. The present service operates between the closest two points, thus enabling the *Bluenose* to make a return run the same day. In the days of the service from Boston this was not possible, and I submit that if a second ferry is added at any time it should also operate with Bar Harbor as the United States terminal.

The recent announcement of a new national park in western Nova Scotia adds importance to the service of the motor vessel *Bluenose* because it will be a further impetus for tourists from the United States to come to that part of the province. In connection with the present operation of the service I should like to say that from my own very recent experience I do not feel that tourists and other passengers intending to travel on the boat receive the attention and courteous service at the Bar Harbor terminal in Maine that is necessary, if they are to have a good initial impression of Canada when they arrive in Nova Scotia. While this terminal may be operated by the American authorities, I do not think the average traveller fully realizes this, and it is very much to the advantage of this country in helping to develop the tourist industry that we impress upon those connected with the terminal at Bar Harbor that people travelling to Nova Scotia should be treated with the utmost courtesy.

There are also some other flaws at that terminal. I am informed by people who made the trip during the past week that the motor vessel *Bluenose* sailed on two or three occasions at least from Bar Harbor, with less than her capacity of cars, even though there were tourists waiting in the area to travel on the boat who then had to wait until the next day. This inefficiency should certainly be remedied.

My final words, Mr. Chairman, are with reference to the Canadian Pacific Railway ferry service between Digby and Saint John. As hon. members know, the *Princess Helene* was recently retired from service and replaced by the former *Princess of Nanaimo,* now renamed the *Princess of Acadia.*

Mr. Winch: A good ship.

Mr. Regan: That may be. While I am sure that the *Princess of Acadia* has a very large capacity for passengers, those who live in the area say that she does not carry enough trucks. Again, this is a problem of transportation for western Nova Scotia in that we should be able to ship our fish and all our goods as easily as possible. If the *Princess of Acadia* cannot carry an adequate number of trucks, then she is not providing the necessary service. Indeed, the necessary service to afford efficient transportation will never be provided until we have a car ferry operating between Digby and Saint John. Only then will Nova Scotia have ferry service provided by the two railways rather than ferry service provided by one railway plus a service in the form of a loose liaison between the Dominion Atlantic Railway and the Canadian Pacific Railway through the use of the *Princess of Acadia.*

Mr. Martineau: Mr. Chairman, I just want to say a word or two on a project which I am sure will be close to the heart of the minister, inasmuch as he is an Ottawa valley member and has always taken quite a personal interest in it. I am speaking of the Ottawa river seaway from Montreal to Georgian bay. I do not want to embarrass the minister at this time about canals because I know he already has a canal in Quebec, the Soulanges, which he is trying to get rid of, but with no bidders. However, I want to bring this project to his attention. He is familiar with many of the details and I am also quite sure he is aware that a year or two ago his department undertook a survey to determine the economic

possibilities of the Ottawa seaway. I know that the survey was undertaken but I do not know what stage the survey has reached. Perhaps the minister would like to inquire about this and report to me or to the committee any findings which his officials have made.

In that connection he may also recall that the Department of Public Works undertook a feasibility survey of the Ottawa river seaway from the engineering point of view. This survey was based exclusively on engineering data already in the possession of the department and consisting primarily of a report made in 1908 following a very extensive survey instituted by the government of Sir Wilfrid Laurier, which took four years. This was followed by another survey in 1927.

As a result of the survey made last year I believe the engineers of the Department of Public Works were in agreement that from an engineering point of view there was no insurmountable obstable to the canal being built. This more or less placed the onus upon the Department of Transport, which is interested in the economic aspects of the project.

There are various steps, of course, by which this project may be achieved. One of the first steps would be to make the city of Ottawa accessible to sea navigation by making the city of Ottawa or some port in the neighbourhood on the Quebec side into a seaport accessible to ocean going traffic. I think this is a practical project. Although no official report has been issued as far as I know, the information I was able to obtain from the Department of Public Works indicated that it would cost about $100 million to achieve this first stage of the over-all project which would open the whole of the Ottawa river and lake Nipissing and the French river to ocean navigation, right through to Georgian bay.

Now, Mr. Chairman, the minister in his investigation of the matter to determine the economic benefits to be derived from the projects might also take a look at another proposal which, in my view, is closely linked to the Ottawa river seaway. I refer to a proposal known as the Grand canal which is being promoted in a very vigorous manner by an engineer from Sudbury, Mr. James Kierans. This project, if implemented, would provide a means of paying for part of the cost of the canal. The plan would be to divert waters that are now flowing uselessly into James bay into the Ottawa river system and eventually having that flow of water reach the great lakes to replenish the low level of water that exists in the great lakes now. This need has reached crisis proportions, especially for cities such as Chicago on the south side of the great lakes.

As the minister knows, there has been extensive lobbying in the United States to permit the lowering of levels in the great lakes. So far, the pressure in that direction has been resisted. At one stage I believe the then president of the United States, Mr. Eisenhower, vetoed a project which would have enabled the cities in the United States along the great lakes to take a greater supply of water, thereby lowering the general level of the great lakes. The current project envisages the flow of great masses of water down the French river and into the great lakes, and also it envisages the possible sale of water. Water is a raw material, and it is a much needed raw material that is becoming in shorter supply as the years go by and as the need for it increases.

This project I believe will bear investigation by the officials of the department, especially in the light of the possibility of opening the Ottawa river to deep sea navigation. This project, of course, has been mooted with varying degrees of intensity throughout the years since confederation. I believe the time is fast approaching in this country when we should make greater utilization of the very important natural resources which we have for water transportation. Water transportation is more and more being exploited in the United States, and particularly in Europe. Certainly if there existed in Europe any waterway with potentialities for navigation, such as the Ottawa system, it would have been utilized long ago. I know the conditions are not the same. I know the minister will say it is going to be a costly project. This is true, but it is a project that must be visualized not only for tomorrow or the next ten years, but perhaps for the next 50 or 60 years.

One result of the construction of this project, as the minister is aware, would be the opening of great sectors of northern Ontario and northern Quebec to intensive industrial development. If a seaway of the proportions of the St. Lawrence seaway is not possible at this time, then at least some start should be made on opening the Ottawa to barge traffic. There is quite an amount of bulk traffic that could be carried by that means. I hope, therefore, the minister will ask his officials to intensify and accelerate the economic survey in order to determine what steps in the project could be implemented now, what possibilities there are for water traffic, what possibilities there are for the development of new hydroelectric power from the project and also what possibilities there are of making a deal with the United States for the purchase of new fresh water supplies.

I believe this summarizes my thoughts on the subject. I know the minister has a personal interest in this matter, and I feel he will be doing something along these lines.

Mr. Knowles: Mr. Chairman, the next time the minister has an opportunity to answer points that have been raised, I hope he will make a statement on two matters about which I should like to remind him. First, I wish he would bring us up to date on the T.C.A. maintenance and overhaul base at Winnipeg. As the minister knows, all of us from Winnipeg, indeed all of us from Manitoba, who were present when the Manitoba delegation appeared before the government on June 18, were delighted with the statement made by the Prime Minister. We were led to have hope that the employment provided at the T.C.A. base in Winnipeg would be retained there. There have been indications, even since then, that something is being done about this matter. Perhaps the minister could bring us up to date. Perhaps he could tell us how the firm of R. Dixon Speas and Associates is getting along with the inquiry it is making. Perhaps he could tell us what the situation is with regard to this matter, which is of great importance to the employees who are affected and, we feel, of importance to the aviation picture in Canada.

The other matter about which I should like to hear from the minister is related to the pension situation of Canadian National employees who are already retired. As the minister knows, this is a subject which has often been raised in this house over the past years. On April 13, 1962, the then prime minister announced in the house changes that had been made in the pension plan of Canadian National Railways, improving the pension position of those who were still employees. Although the announcement was made on April 13, the effective date of those changes was April 1, 1962. At that time the former prime minister was asked what was being done for those who were retired prior to April 1 of that year. Of course, the answer was that that was another matter that had to be looked into upon another occasion.

I make two points in connection with the announcement made by the former prime minister on that occasion. The first is that it is always contended, and I agree, quite properly, that this is a matter that is in the hands of the management of Canadian National Railways. I also have in mind the role of pension committee. Nevertheless, when the former prime minister made his announcement in 1962, he indicated a decision had been arrived at as a result of discussions between the Canadian National Railways and the government. Since the government came into the picture on that occasion, it seems to me that it might well come into the picture with regard to the matter of improving the pensions of those already retired.

The other point I wish to make arising out of what was said on April 13, 1962, is that an improvement was then made with respect to service that had been given many years before. We are frequently told when we raise questions about the pension position of people who are about to retire, or are already retired, that there is a contractual element in all of this and that we must not hope to have it changed. But certainly on that occasion the contractual element, so far as early years of service was concerned, was changed, and I think that is something that is not unreasonable for us to request for employees previously pensioned.

As a matter of fact in 1959 this was done with respect to retired employees of the federal civil service. We have often been told when we plead for an improvement in the position of retired government employees that this would interfere with the contractual arrangement, but at least the former government did find a way in 1959 to improve the position of civil servants already retired. This was done through the Public Service Pension Adjustment Act of 1959.

Because something was done to improve the position of Canadian National employees still to retire, with respect to their earlier service, and because something was done by the federal government to improve the position of civil servants already retired, I think it is not unreasonable for us to continue asking for an improvement in the pension position of Canadian National Railways employees already retired.

As the minister knows, because it was his parliamentary secretary who placed the facts on record in *Hansard*, there is quite a bit of information on the present situation to be found in *Hansard* of June 3, 1963, at pages 542 and 543. That information was given in answer to perennial questions of mine regarding the amounts of pension being drawn by retired C.N.R. employees.

If I may summarize the figures from the pages I have just noted, there would seem be a total of 23,833 persons drawing Canadian National Railways pensions. These vary from very small amounts to larger sums, in fact sums of $200 a month and over; but I emphasize the fact that of this grand total there are 377 persons who are drawing pensions of less than $25 a month. There are also 2,559 whose pensions are just $25 a month.

There is a footnote on pages 542 and 543 which explains why some of these people are drawing such small pensions, but even the foonote does not explain away the fact that

pensions of these amounts are very low. If one looks further at these tables and does a little simple arithmetic, he discovers that out of the 23,833 pensioners 7,148, or 30 per cent of them, are drawing pensions of less than $50 a month. I offer one further statistic. Out of that same total of 23,833 some 12,357, or 56 per cent, are drawing pensions of less than $100 a month from the Canadian National.

I submit that in this day when we are moving into an acceptance of the view—and I am very happy to see it—that the pensions of people who have worked should be pensions that provide adequate retirement, these amounts being drawn by people who are already retired should not be left that way. In passing may I say that I hope the discussions that are taking place today not far from this building will not interfere with certain plans to provide adequate retirement pensions.

However, I must insist that it is not good enough just to improve the pension plans of those still working. It is not good enough to just say that people who will retire 10 or 15 years from now will do pretty well. This is no consolation to those already retired who through their efforts have brought the Canadian National Railways, our economy and our country to the position that now obtains.

I urge the minister not to give the stock answer, that this is something to be left to the Canadian National Railways. The former government met the management and came up with an improved pension plan. It also did something for retired civil servants, and I shall have something more to say about retired civil servants when we come to the item covering them.

At this time we are talking to the head of the Department of Transport and I urge that he bring up in cabinet the whole question of what might be done to augment the pensions of these retired C.N.R. employees, and particularly of those in the lower and middle brackets.

I am interested in many aspects of the work in the minister's department, but on this occasion I thought I would just ask for a statement on these two important subjects, the question of retaining the T.C.A. maintenance and overhaul base at Winnipeg, and improving the pensions of C.N.R. employees already retired.

Mr. Greene: With respect to the closing of railway lines, some have been closed in my constituency and at present there are two stations in process of being closed. The closing down of one of these will cause great inconvenience to the local citizens, who will have to travel some 15 miles to the nearest station. I am referring specifically to the station at Douglas, which is actually located in North Renfrew but is very close to the borders of my constituency. If this station is closed the citizens will have to travel some 15 miles to Eganville, and this will be a great inconvenience.

I appreciate that railroads have to be put in a more economic condition than they are in at present, but I suggest it is not purely and solely a question of balance sheet economics. Those of us who have appeared before the board of transport commissioners when the closing of stations or lines was contemplated, have seen that the yardstick is apparently the balance sheet, how many dollars can we save, the question of present use, public convenience and necessity, but there are other considerations which must be taken into account at the policy making level, the cabinet level. These questions concern the future growth and future need of areas for railway service.

One thing that appears to be happening, which is not in the best interests of the country at large, is that this closing of stations and lines, as I understand it, is apparently only one aspect of the recommendations made by the MacPherson commission, and I suggest that those recommendations, if they are to be implemented, should either be implemented in toto or generally revised.

In that connection I would point out that in this session of parliament there has been demonstrated on this side of the house the fact that we are committed to short range and long range planning, and that we intend to see to it that the country develops along some planned scheme and not helter-skelter, as has been the case in the past. This being so, I suggest the question of railways should be treated in the same way.

We should not implement one small facet of the MacPherson report, namely the closing of stations or lines for economic reasons, unless we have a broad, new, comprehensive and planned railway policy which will include the social ramifications of the closing of these lines and stations. In other words, I do not think it can be purely a matter of dollars and cents and the immediate return or reward to the railways, as we are now considering it. In particular in the west end of my riding I have a situation, Mr. Chairman. This part of the country, the area around Barrys Bay, Killaloe and Brudenell used to be a very profitable and prosperous lumbering area. There was a day when this created employment and prosperity for that area, and now to a very large degree the forest resources have been depleted for many years and no secondary industry has come in by virtue of distance from markets, and the fact that there is no trained labour pool. Industry is not going to come into these areas

unless some encouragement is provided. I think such plans as the economic council, the Department of Industry and the new tax concessions may provide that type of incentive. But at the same time I do not think we should forget the transport aspect in this regard; that in these areas even roads are inadequate.

Surely we cannot hope to have secondary industries coming into these areas in the future unless there is adequate transportation for them both by road and by rail, and adequate service by way of stations situated in localities which will best serve the communities. Even though today it might be more economic for the railways to close these stations, I think we should look at the long term and the planning aspect and see whether, if we intend these areas to survive and develop economically in the future, we should not preserve the railways where they are needed for that future growth. I would remind the committee, Mr. Chairman, that at the time these charters were granted to the railways they were given monopolies and they made very large profits in some of these areas, particularly in areas such as the west end of my riding. When the lumbering industry was at its peak the railways were very happy to have those monopolies and to make these very large profits in those areas.

Such being the case, I do not think we should look only at last year's balance sheet. We should see whether those railways have made profits in past years, and if so, surely it is not asking too much to have them put back something from those profits they made in past years into these areas for future development and to encourage their future growth and industrialization. In these areas even some slight factor might make the difference between obtaining or not obtaining industry. Goodness only knows, there is little enough incentive for secondary industry to come into areas such as the west end of my riding. Hydro rates are higher than those in the metropolitan areas. If we take away this last resource of rail transportation and rail service we are in effect abandoning these areas in so far as future economic growth is concerned.

Mr. Chairman, I would like to say one word in respect of the Ottawa river, which is also in my constituency. It bounds my constituency and that of my hon. friend from Pontiac-Temiscamingue. There we have a community of interest.

An hon. Member: And Carleton.

Mr. Greene: The river does bound Carleton, but Carleton is my neighbour to the east. I was very interested to hear the remarks of the hon. member for Pontiac-Temiscamingue in this regard and I certainly associate myself with those remarks. I will be glad to provide any humble support that I can in respect of the request he made. Even before we reach the, I think very lofty and proper goal that he has as an end, I would suggest it would be in order, and should be done in the immediate future, in this area for the Department of Transport to embark upon a plan for building more wharves and loading devices along that river. There was a day when the Ottawa river was purely and simply a vehicle for the lumbering people to carry their logs to market. I think if one were to total up economically the value of the Ottawa river today, it would be found to be far more valuable as a tourist asset, as a summer resort asset than it is even to the lumbering industry. I suggest this has been accomplished with but little help from any arm of government; that by virtue of its natural attributes the area has developed as a tourist resort. But I think at this time help is needed to develop it even further. I remind the committee that this is an area of low employment. If we are to develop this area even further as a tourist resort, I suggest that the Department of Transport would contribute something very valuable in doing the following things. These can be done more immediately, possibly, than the long term plan which has been mentioned.

We could immediately build more wharves and loading platforms in this area. I think this would be extremely important to the growth of tourism. We should have a method whereby boats can be immediately transported over the dams and rapids. I think there are methods by which this can be done economically. I am instructed that it could be done very economically with the installation of a narrow gauge rail, so that boats could be transported across the hydro dams and so that tourists might travel, without the necessity of great expenditures in pleasure craft all the way from the St. Lawrence river to lake Temiscamingue. This could be done without the expenditure of a great deal of money. The first thing would be more wharves and more loading platforms for boats. The second thing would be a method of transporting boats across the present hydro dams so that a vast area which is today of only limited access to tourists and the boating public could be opened up, and a new era of tourism could loom in the future for the Ottawa valley. I think this could be done, as I have said, without spending a great deal of money and at the same time it would be a very facile and ready way of creating immediate employment which is now so badly needed in the area.

In the west end of my riding the areas of Combermere and Barrys Bay are a potential and undeveloped tourist paradise. A great deal could be done by the Department of Transport in building more wharves, more loading devices for boats, more locks so that one could travel from one lake to another. I think this would attract a great deal more United States tourist money in that area, which we need so very badly in order, among other things, to help us with our international balance of payments. This could be done without embarking upon any great program of expenditure. There is already on the books a plan for the building of a dam at Galeairy lake, Whitney. In spite of my efforts to that end to date, these plans have not been brought to fruition. I think these things should be hurried. If we are to be progressive, if we are to provide employment, this is the kind of thing we should do, and at the same time we would be developing a very important industry and a new area which has not to date been sufficiently opened to tourism.

One other aspect of the matter I should like to bring to the attention of the minister is this. I again go back to the question of the Ottawa river and the fact that its chief economic use is now as a tourist resort. Over the years the logs have come down this river in order to reach their ultimate destination, and many of these logs have sunk to the bottom of the river and today are sticking up all over the place, embedded in the bottom, some for hundreds of years. They create a very serious menace to the boating public. There have been serious accidents and it may be that some day there will be a fatal accident if these things are not looked after.

Here, I suggest, is where the Department of Transport could play a very valuable and useful part in opening up this area to more attractive tourism. It would create a new and interesting attraction to the tourist industry in this particular area where the great opening of the Ottawa river is, at Chats lake with Norway Bay on the Quebec side and Sand Point, Braeside and Arnprior on the Ontario side. If the river at this point could be cleaned up and the deadheads taken up from the bottom, this would improve the situation. The Department of Transport is in charge of navigable streams, and although this is not an easy job it would create employment for many people for a considerable period of time. It would also remove a hazard in the river and achieve the economic objective of creating a new and attractive tourist resort. I think this would be in the interests of the country as a whole, and the people of that area in particular.

[Mr. Greene.]

(Translation):

Mr. Gauthier: Mr. Chairman, at this stage of the debate on the estimates of the Department of Transport, I should like to draw the minister's attention on two matters which are of particular interest to my constituency: air lines and the Canadian National Railways.

As far as air lines are concerned, we do not seem to mean much today, because even if for the past few years we have had a magnificent landing strip located, to be more exact, on the limits of the town of Roberval, we have not yet succeeded in obtaining a regular service.

The minister will recognize that if the previous government had found it advisable to provide the necessary grants for the construction of that landing strip, it is because its need had been established for a long time. Then why is it practically deserted today, since it only accommodates the flow of tourists who, each year, invade the lake St. John area to head for our lakes and streams which, for fishing, are known as the best to be found in the province of Quebec.

This airport is an important asset for our tourist trade but in order to make our tourist service complete, we must think necessarily of an airport located within Dolbeau itself, because at the present time, in our opinion, the Roberval airport is quite inadequate by itself to meet the demand of the U.S. visitors who pour into our district. That is why we are asking the minister to investigate the situation.

I made a survey of my own in order to find out why the regular air transport companies did not use the Roberval airport and I beg of the minister to lend me his valuable assistance in order to settle this problem because it is unthinkable that such a deficiency should be allowed to continue. To begin with, I do not understand why the present service between Ottawa, Montreal, Quebec city up to Seven Islands through Bagotville should not also include on its route, the Roberval airport.

In fact, the people of Roberval and vicinity are always reluctant to go to an airport located four counties away in order to catch a plane when it would be so easy to authorize the scheduled flight to make a stop-over in Roberval. I ask you a question, Mr. Minister, and the people of Lake St. John are anxious to receive an answer. We are not begging, we are merely asking a very logical thing. I hope that you will not forget to take this

request into consideration when allotting your estimates.

I know that some people will object that such a service would be uneconomic, without even trying to support their allegation. Moreover, certain administrators can only give one answer: not profitable. It is much simpler than to make some effort to provide an adequate service in every area. The minister is convinced, I am sure, that an efficient service is essential to transportation. Every effort should be made to achieve that aim.

Mr. Chairman, as far as the C.N.R. is concerned, I inquired last year about having repairs made to our railway tracks and the only answer I got was an acknowledgment. Public bodies have also taken some steps in that connection, and I have here the last letter from the chamber of commerce of my county, of which I sent a copy to the department.

It was said, among other things:

> We, of the Roberval chamber of commerce, propose, as part of our next year's activity, firmly to approach the board of transport commissioners finally to settle the renovation of our national railways line, Quebec via Dolbeau and Chicoutimi. We are already working on a well-informed brief which we will, in due time, transmit to you in order to support and defend that most important cause in our district. Among permanent projects, we do not believe that there are any more important projects than that one to give work to our unemployed on a permanent basis, at least for a few years to come.

I received such letters, sir, from nearly every town and city asking me to exert some pressure on the C.N.R. in order to have our lines improved.

Today, I see that your government is broad-minded enough to understand our needs. You may be assured, sir, that the whole district will be happy to know of your effort to further the use of railways as means of transportation.

It may be said today that the railways are having fewer customers. But there is a reason for it. It is probably due—and I do not know whether you have already wondered about it—to the fact that the real object of a railway company has been forgotten, which is to give adequate service. It is all very well to build skyscrapers, to pour the taxpayers' money into terminal buildings in the larger centres, which buildings are getting the more vast and splendid as our local stations disappear. But I think that some mistake was made in this respect, in that the money has been all invested in those grand buildings while the main thing was forgotten, that is to improve the tracks.

I am of the opinion that if stations had been built for the railroad and not the railroad for the stations, the C.N.R. would not have to regret a loss of patronage.

If you want to be convinced of my allegations, you need only to come to my riding, not in the luxurious car of the president of the C.N.R., but in the ramshackle car used by private members of parliament. I am convinced that when you arrive at Dolbeau, you will say, like 50 per cent of railway patrons: I will not be caught at it again. I wish to draw the minister's attention to this: they should put more emphasis on service, as service means improvement of the railway.

Even if railway officials have plush offices in skyscrapers, if they force patrons to travel in 30-year old cars, they will always have to face the same problem.

I have mentioned to you those two important points, sir, and I am sure that you will take my remarks into consideration.

(Text):

Mr. Mather: I have one brief question I should like to direct to the minister. I wonder if when he replies to the various questions which have been directed to him during the afternoon he would answer this one. Can he give us any fresh information or encouraging word as to progress in the construction of that great project, the Vancouver international airport?

Mr. Nesbitt: I have a few brief remarks to make on a subject which, according to the papers at least, is very close to the minister's heart, namely the work of the research and rescue organization on the great lakes. My own interest in the subject has existed for a good many years. In 1954, I brought this question before the house in a motion and later on, in 1956, the minister of transport of that day, Mr. Marler, took a considerable interest in the matter and was responsible for drawing up a number of regulations concerning the use of small boats. Later still, the minister of transport who succeeded him took a similar interest in the subject and extended the search and rescue organization on the great lakes. I believe one or two ships are under construction and that one of them is already in service.

Such measures are obviously necessary because in the last ten years the number of small boats on the great lakes has, I suppose, quadrupled. I know that as many as 1,600

small boats go out on lake Erie from one little port, Turkey Point, when the bass fishing opens. Every week we read the accident toll on the water during the week end, and the loss of life through drowning and accidents involving small boats has begun to reach a scale we associate with the highways. I know the minister is interested in this subject. I have read in the papers reports of what he is doing and I hope he continues on this course. Many newspapers have carried editorials on this subject lately, requesting more action. We all know that everything cannot be done at once but as long as we can continue to make steady progress in this field it will be to the advantage of all the people of this country. Only yesterday I read an editorial on the subject in the London *Free Press*. Articles on the subject frequently appear in the Toronto *Globe and Mail* as well as in other papers. There are many organizations which help look after research and rescue work on the great lakes. Apart from the Department of Transport ships there are the Ontario provincial police, the R.C.M.P., volunteers from R.C.A.F. squadrons and so on. Various municipalities also have facilities for helping to rescue people who meet with accidents on the water.

For the sake of hon. members who are not familiar with the great lakes, let me say that these large bodies of fresh water can become exceedingly rough in a very short period of time. I do not wish to spend much more time discussing the situation because I have spoken about it repeatedly over the years and I know the minister has these things at heart. But there is a suggestion I should like to make to him. I have already mentioned that there are facilities to assist search and rescue work carried out by Department of Transport boats, R.C.A.F. teams, local authorities and the like. One of the problems seems to be that if anyone gets into trouble no one knows who to get in touch with. What is needed is a co-ordinator who has had some brief training so that he or she would know immediately whom to contact. Since most of these problems arise during the summer months I agree it would not be practicable for the department to take on a large extra staff of co-ordinators. What could be done might be to use senior university students. They could receive a brief course before taking up their work and act as co-ordinators, on the lakes, on other large inland waters and perhaps even on the seacoast as well. These would be third or fourth year students, and they would be engaged in the summer months to co-ordinate all the assorted search and rescue facilities I have mentioned. If anything happened, if someone got lost, or a boat overturned, it would be reported to the co-ordinator who in turn would immediately contact the proper facilities. Many drowning deaths arise because it takes too long to rescue the victims. What is really needed is a co-ordinator and I think such a person could be most helpful.

Mr. Winch: May I take just a few minutes in which to express the hope that the minister will give consideration to a matter which I believe requires his immediate attention. Though I do not know the exact figures, I presume millions of dollars are spent on air search and rescue. I know we all agree that a magnificent job has been done by those who take part in air search and rescue, and it will continue to be done. But is it not high time more effort was made, by law or by regulation, to place responsibility upon those who operate private planes and who are responsible for the majority of the air search and rescue work which takes place? It is my understanding that in British Columbia this year there have been seven crashes and that they involved a number of deaths. Yet in looking over the situation I am surprised to find that in a great many cases American private planes that come into Canada do not have to file a flight plan and do not have to advise anyone exactly how long they are going to be in Canada. So we have the situation of a private plane crossing our border, not filing a flight plan and not advising anyone as to where it is going or how long it is going to be in our country. The result is that in the event of an accident we are faced with a great expenditure.

I have also had it brought to my attention that far too many of those who pilot private planes in Canada do not file flight plans. In addition, although we have certain regulations with regard to safety equipment on private planes many of these planes do not have this equipment on board and there is practically no checking of private planes to see that they have the required equipment.

In view of the extensive cost to the government and therefore to the taxpayers of Canada of air search and rescue, surely we are not unjust in insisting on proper equipment in private planes, proper inspection of private planes and that when a plane leaves the ground somebody should be told where the pilot thinks he is going and when he anticipates arriving there.

I do not want to hold up the committee, but I feel that such a piece of equipment as the SARAH would be most useful. From all I have read it would appear that this very cheap electronic equipment is crashproof, and in the event of a crash it automatically sends out signals that can be picked up by those who are conducting the search. I

simply want to bring this matter to the attention of the committee because air crashes and fatalities are reaching substantial proportions and the higher they go the greater the cost to the government and the taxpayers. If these people will not do these things voluntarily, surely we have a right to ask that there should be regulations and laws to bring about conformity to common decency in the operation of planes in Canada.

Item agreed to.

45. Canadian coast guard—construction or acquisition of ships and equipment, $12,842,000.

Mr. Barnett: Mr. Chairman, apparently I did not speak loudly enough, but I wish to say something on item 45. I just want to ask one question. I notice that it includes provision in whole or in part for the construction of two west coast weather ships. I should like to know whether one of these is to replace the existing weather ship or whether the result of this program when it is completed will be that we will have two additional weather ships. I believe this program was undertaken during the period when I was not a member of the house, and I should like to know what the net result will be when the program is completed.

Mr. McIlraith: The situation is that the two ships are required by the weather service to replace the frigates now doing the work. The contract for one of them is now before treasury board for approval. The other one will go to tender this fall.

Mr. Barnett: Will this mean that when the program is completed there will be two weather ships on the west coast or three? Is one of them to replace the existing weather ship? That is my understanding. We have had one in operation for a number of years.

Mr. McIlraith: There is not one existing weather ship. There are three frigates doing the work now and when the two weather ships are completed they will rotate and replace the existing three frigates.

Item agreed to.

65. Construction or acquisition of auto-ferry vessels and equipment as listed in the details of the estimates, provided that treasury board may increase or decrease the amount within the vote to be expended upon individual listed projects, $1,375,000.

Mr. Nowlan: Mr. Chairman, I wonder whether this item could stand because there is somebody who wants to ask some questions with respect to it. If it could stand it would be helpful.

The Deputy Chairman: Agreed?

Some hon. Members: Agreed.

Item stands.

65a. Construction or acquisition of auto-ferry vessels and equipment as listed in the details of the estimates, provided that treasury board may increase or decrease the amount within the vote to be expended upon individual listed projects, $20,000.

Mr. Churchill: This item should stand too.

Item stands.

120. Railway employees' provident fund—to supplement pension allowances under the Intercolonial and Prince Edward Island Employees' Provident Fund Act so as to make the minimum allowance payable in the calendar year 1963 $30 per month instead of $20 per month as fixed by the said act, $7,000.

Mr. Knowles: Mr. Chairman, somewhere in these estimates we would like to have the minister reply to some of the points that were raised. This looks like the item where he might answer my question about the pensions of Canadian National Railway employees, unless he can tell me a better item under which he could give a better answer.

Mr. Pickersgill: Mr. Chairman, I wonder whether I might make a suggestion. I suggest that any items on which members wish answers be allowed to stand and that we carry the items on which no one wants an answer. Then we would ask the committee to rise and take the others on another occasion.

Mr. Knowles: That would be satisfactory to me, if the minister would state which of these three pension items he would like to stand for the purpose of dealing with the question I raised.

Mr. McIlraith: I think 120 is the correct item.

Item stands.

130. Air services administration, $1,995,600.

Mr. Knowles: Mr. Chairman, I should like some item to stand on which the minister can make a statement about the T.C.A. maintenance and overhaul base at Winnipeg.

Mr. McIlraith: I wonder whether I could give a short answer now. The hon. member may have noted the other day that in answer to a question on the orders of the day I said that I regretted to have to advise the house that the Dixon, Speas firm had advised T.C.A. that they would require until the early part of August to have their report ready for submission. So the matter will have to stand until we get that report. I am looking forward to getting it and I must say I am a little disappointed it has not been submitted earlier. That is the short answer.

Mr. Knowles: We can take it in the meantime that there is no modification of the statement made by the Prime Minister on June 18 to the Manitoba delegation.

Mr. McIlraith: That is right.

Item agreed to.

140. Control of civil aviation including the administration of the Aeronautics Act and regulations issued thereunder, $5,211,100.

(Translation):

Mr. Boulanger: Mr. Chairman, I should like to direct a question to the minister. Is he considering the possibility of changing the name "Trans-Canada Air Lines" to "Air Canada" which would be bilingual? I might add we have heard about that for a certain time.

(Text):

Mr. McIlraith: Mr. Chairman, I should like to answer this question in a more extended fashion than I will now, but perhaps I can abbreviate my reply by saying that this matter is receiving very active consideration at the present time. I am sympathetic to the quite numerous representations I have been getting on the subject. The way the matter stands at the moment is that T.C.A. is examining exactly what is required to be done within the organization itself. Then, of course, it is a matter for the T.C.A. directors to consider, and the government to decide, to make the necessary statutory changes. The complexity of making the change, particularly in the international field, will be easily seen. For safety reasons, one cannot have two names on the side of an aircraft. There must be one name only. I cannot say when the decision will be taken, but it is very much a live issue at the moment.

(Translation):

Mr. Boulanger: Perhaps I could suggest to the Minister of Transport to defer consideration of item 140 until next week, so that he can have the opportunity to give us either an affirmative answer or a more definite one.

(Text):

Mr. McIlraith: I should like to make a fuller reply.

Item stands.

145. Airports and other ground services, $22,532,100.

Mr. Patterson: Mr. Chairman, I wonder if that item could stand?

Some hon. Members: Agreed.

Item stands.

155. Construction or acquisition of buildings, works, land and equipment with respect to national airports (as determined by the Minister of Transport) and related facilities; contributions towards construction done by local or private authorities with respect to such airports, amounts to be paid in settlement of claims for compensation by persons whose property is injuriously affected by the operation of a zoning regulation made under authority of paragraph (j) of subsection (1) of section 4 of the Aeronautics Act and authority, notwithstanding section 30 of the Financial Administration Act, to make commitments for the current fiscal year not to exceed a total amount of $41,360,000, $38,477,000.

[Mr. Knowles.]

Mr. Leboe: I wonder if item 155 could stand?

Some hon. Members: Agreed.

Item stands.

160. Contributions in accordance with terms and conditions approved by the governor in council, to assist in the establishment or improvement of local airports and related facilities, $168,700.

Mr. Nasserden: I wonder if the minister could let us know what is required for assistance under item 160?

Mr. McIlraith: Perhaps we could let the item stand. It is a rather lengthy document.

Some hon. Members: Agreed.

Item stands.

165. Grants for the development of civil aviation, in the amounts detailed in the estimates, $360,000.

Mr. More: I wonder if this item could stand? I do not want to delay the committee but I should like the opportunity of asking some questions on this item.

Some hon. Members: Agreed.

Item stands.

200. Construction or acquisition of buildings, works, land and equipment, $2,300,500.

Mr. Simpson: I wonder if item 200 could stand?

Some hon. Members: Agreed.

Item stands.

Air transport board—

205. Salaries and other expenses including the Canadian delegation to the international civil aviation organization, $622,400.

Mr. Barnett: May item 205 be allowed to stand?

Some hon. Members: Agreed.

Item stands.

Board of Transport Commissioners for Canada—

212. Amount to be credited to the railway grade crossing fund, in addition to the amount to be credited to the fund under the Railway Act in the current fiscal year; and, notwithstanding section 30 of the Financial Administration Act, to authorize an increase to $24,067,000 in the commitments (in addition to any commitments in respect of which amounts are appropriated under this or any other act) that may be made in the current and subsequent fiscal years, $100,000.

Mr. Nasserden: May this stand, please?

Some hon. Members: Agreed.

Item stands.

C—Board of Transport Commissioners for Canada—

213a—To provide payments to companies subject to Order Number 96300, dated November 17, 1958, of the Board of Transport Commissioners for Canada of an aggregate amount of $20,000,000 in respect of the period April 1, 1963, to March 31,

1964, to be paid in instalments at such times as may be determined by the said Board for the purpose of reimbursing the said companies for such diminution in their aggregate gross revenues during the said period as in the opinion of the said Board is attributable to such companies maintaining the rate level for freight traffic at an 8% increase instead of 17% as authorized by the said order; and to provide payments to the said companies of an aggregate amount in respect of the calendar year 1963 of $50,000,000 to be paid in instalments at such times and in accordance with such methods of allocation as may be determined by the said Board for the maintenance by such companies of the rates of freight traffic at the said reduced level, $70,000,000.

Mr. McIlraith: May this item stand?

Item stands.

National harbours board—

225. Advances to national harbours board, subject to the provisions of section 29 of the National Harbours Board Act, to meet expenditures applicable to the calendar year 1963 on any or all of the following accounts:

Reconstruction and capital expenditures—	
Halifax	1,477,600
Saint John	217,000
Quebec	1,785,000
Prescott	40,000
Churchill	815,000
Generally-unforeseen and miscellaneous	200,000
	4,534,600
Less—amount to be expended from replacement and other funds	1,458,700
	$3,075,900

Mr. Simpson: May item 225 be allowed to stand?

Some hon. Members: Agreed.

Item stands.

Mr. McIlraith: I do not want to delay members, but I should like to express very briefly my personal thanks for the co-operation and courtesy hon. members have shown today, having suffered from two or three days of intensive heat and humidity beyond that which most of us like to endure.

Progress reported.

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

Hon. J. W. Pickersgill (Secretary of State): Since we have had such wonderful co-operation today, I wonder if there would be unanimous consent to the taking of item 14, to establish the committee on drugs? I would be glad to move the motion on behalf of the hon. lady. I believe no one wishes to debate it, and it might be possible to get the committee organized next week.

Business of the House

HEALTH AND WELFARE

ESTABLISHMENT OF COMMITTEE ON DRUGS AND CHEMICAL FOOD CONTAMINATION

Hon. J. W. Pickersgill (for the Minister of National Health and Welfare) moved:

That a special committee be appointed to consider and report on (a) the hazards of food contamination from insecticides, pesticides, and other noxious substances; and (b) the safety and cost of drugs; that the committee consist of 24 members to be designated later by the house; that the committee be empowered to send for persons, papers, records, and to report from time to time, and to print such papers and evidence from day to day as may be deemed advisable; and that the provisions of standing orders 66 and 67 be suspended in relation thereto.

The Acting Speaker (Mr. Batten): Is it the pleasure of the house to adopt the motion?

Some hon. Members: Agreed.

Motion agreed to.

BUSINESS OF THE HOUSE

Mr. Churchill: Will the house leader, in view of the heat wave, give us a very short statement of the business for Monday only?

Mr. Pickersgill: I will endeavour to be brief. According to an order issued last night by the house, on Monday we will take the various stages of the resolutions and bills respecting the remuneration and pensions of members of parliament. Then, if there is the consent of the house, we will take the same stages in the judges' measure. In any event, we will certainly take the resolution stage. I would not want to ask for third reading of either of those two bills because I believe they should stand over until the following day. We would like, if we could, to finish the excise tax in committee, and if the house were agreeable to have third reading.

Then there is a bill on which I believe there would be almost no debate. It is required under law that if a bridge is to be built over the St. Lawrence river there must be a statutory provision for it. The bill has passed the other house and has been before us for some time. I believe the work is being held up because we have not acted, and I would hope there might be a possibility of facilitating it without too much delay.

After that, if there should be any further time, we would start the committee stage on the economic council. I would prefer not to say anything about any day after Monday because the Prime Minister promised to report to us.

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

Supply—Items Passed

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

DEPARTMENT OF TRANSPORT

A—Department—

1. Departmental administration, $3,388,600.

Marine services—

5. Administration, including agencies $1,113,900.

Aids to navigation—

10. Administration, operation and maintenance including fees for membership in the international organizations listed in the details of the estimates, $6,620,600.

15. Construction or acquisition of buildings, works, land and equipment, $5,320,000.

15a. Construction or acquisition of buildings, works, land and equipment, $600,000.

Canals—

20. Administration, operation and maintenance, $2,489,200

25. Construction or acquisition of buildings, works, land and equipment, including payments to provinces or municipalities as contributions towards construction done by those bodies, $1,862,400.

25a. Construction or acquisition of buildings, works, land and equipment, $200,000.

St. Lawrence and Saguenay rivers ship channels—

30. Administration, operation and maintenance, $1,352,600.

30a. Administration, operation and maintenance, $136,800.

35. Construction or acquisition of buildings, works, land and equipment, $3,280,000.

Canadian coast guard—

40. Administration, operation and maintenance including authority, notwithstanding section 30 of the Financial Administration Act, to make commitments for the current fiscal year not to exceed a total amount of $22,851,300, $21,679,800.

40a. Administration, operation and maintenance, $498,400.

45. Construction or acquisition of ships and equipment, $12,842,000.

Marine regulations including pilotage and marine reporting services—

50. Administration, operation and maintenance including grants and contributions as detailed in the estimates and the payment of expenses, including excepted expenses, incurred in respect of Canadian distressed seamen as defined in section 306 of the Canada Shipping Act, $3,154,500.

55. Construction or acquisition of buildings, works, land and equipment, $286,500.

Railway and steamship services—

Newfoundland coastal services—

60. Construction or acquisition of passenger-cargo vessels and equipment and harbour facilities, $196,000.

65a. Construction or acquisition of auto-ferry vessels and equipment as listed in the details of the estimates, provided that treasury board may increase or decrease the amount within the vote to be expended upon individual listed projects, $20,000.

Railway and steamship services—

70. Construction of dock and terminal facilities at Port aux Basques, Newfoundland, $82,200.

Newfoundland ferry service—

73. Federal government's share of the cost of containers for the transportation of freight and express, $212,000.

73a. Federal government's share of the cost of containers for the transportation of freight and express—to extend the purposes of vote 73 of the main estimates, 1963-64, to include other appurtenances and the conversion of railway equipment, $63,000.

75. Construction of dock and terminal facilities at North Sydney, Nova Scotia and Argentia, Newfoundland, $190,200.

80. Payments to the Canadian National Railway Company (hereinafter called the company) upon applications approved by the Minister of Transport made by the company to the Minister of Finance, to be applied by the company in payment of the deficits, certified by the auditors of the company, arising in the operations in the calendar year 1963—Newfoundland ferry and terminals, $8,675,500.

85. Payments to the Canadian National Railway Company (hereinafter called the company) upon applications approved by the Minister of Transport made by the company to the Minister of Finance, to be applied by the company in payment of the deficits, certified by the auditors of the company, arising in the operations in the calendar year 1963—Prince Edward Island car ferry and terminals, $3,894,000.

Prince Edward Island car ferry and terminals—

90. Construction or acquisition of buildings, works, land and equipment, $1,147,200.

95. Yarmouth, Nova Scotia—Bar Harbor, Maine, U.S.A., ferry service—deficit, 1963, $241,000.

Maritime Freight Rates Act—

100. Payment to the railway companies operating in the select territory designated by the act, of the difference occurring on account of the application of the act, between the tariff tolls and normal tolls under approved tariffs (estimated and certified to the Minister of Transport by the Canadian National Railway Company and approved by auditors of the said company respecting the eastern lines of the Canadian National Railways and in the case of the other railways by the board of transport commissioners for Canada) on all traffic moved during the calendar year 1963, $12,700,000.

105. Repairs and expenses in connection with the operation and maintenance of official railway cars under the jurisdiction of the department, $61,000.

107. Payment to the Canadian National Railway Company in the current and subsequent fiscal years of amounts in accordance with an agreement, entered into with the approval of the governor in council, providing for the termination of the collection of tolls on the Victoria jubilee bridge, Montreal, from such time and date and subject to such terms and conditions as may be specified therein; amount required for the current fiscal year, $3,453,000.

Pensions and other benefits—

115. Amount required to pay pensions at the rate of $300 per annum to former pilots: Raoul Lachance; Jules Lamarre; Wilhelm Langlois; Auguste Santerre, $1,200.

125. Supplemental pension allowances to former employees of Newfoundland railways, steamships and telecommunications services transferred to Canadian National Railways, $157,000.

AIR SERVICES

Administrative branch—

130. Air services administration, $1,995,600.

135. Construction services administration, $3,970,600.

Civil aviation branch—

150. Air traffic control, $8,596,100.

160a. Contributions in accordance with terms and conditions approved by the governor in council, to assist in the establishment or improvement of local airports and related facilities, $22,800.

170. Payments to the other governments or international agencies that are detailed in the estimates for the operation and maintenance of airports, air navigation and airways facilities, including authority to pay assessments in the amounts and in the currencies in which they are levied, notwithstanding that the total of such payments may exceed the equivalent in Canadian dollars, estimated as of December, 1962, which is, $238,000.

Telecommunications and electronics branch—

Radio aids to air and marine navigation—

175. Administration, operation and maintenance, $20,745,600.

180. Construction or acquisition of buildings, works, land and equipment, $9,124,200.

Radio Act and regulations—

185. Administration, operation and maintenance including Canada's share of the costs of the international radio, telegraph and telephone organizations listed in the details of the estimates, $3,009,300.

190. Construction or acquisition of buildings, works, land and equipment, $216,600.

192a. Gift of furnishings to the headquarters of the international telecommunication union at Geneva, Switzerland (revote), $10,000.

Meteorological branch—

195. Administration, operation and maintenance including Canada's assessment for membership in the world meteorological organization and $86,000 for grants in aid of meteorological research in Canadian universities, $18,310,200.

C—Board of Transport Commissioners for Canada—

210. Administration, operation and maintenance, $1,221,600.

D—Canadian maritime commission—

215. Administration, $196,135.

217. Degaussing Canadian government ships and Canadian-owned merchant ships, of 2,000 gross tons to 20,000 gross tons, of Canadian registry or of United Kingdom registry if subject to re-transfer to Canadian registry under special intergovernmental arrangement, $165,000.

220. Steamship subventions for coastal services, as detailed in the estimates, $8,361,370.

220a. Steamship subventions for coastal services as detailed in the estimates, $189,228.

222. Capital subsidies for the construction of commercial and fishing vessels in accordance with regulations of the governor in council, $18,000,000.

222a. Capital subsidies for the construction of commercial and fishing vessels in accordance with regulations of the governor in council, $12,000,000.

E—National harbours board—

225a. Advances to national harbours board, subject to the provisions of section 29 of the National Harbours Board Act, to meet expenditures applicable to the calendar year 1963 on any or all of the following accounts:

Reconstruction and capital expenditures—		
Saint John	(13)	83,000
Quebec	(13)	1,400,000
Churchill	(16)	62,000
		1,545,000
Less: Amount to be expended from replacement and other funds		550,000 $995,000.

227a. Payment to the national harbours board to be applied in payment of the deficits (exclusive of interest on advances authorized by parliament and depreciation on capital structures) incurred in respect of the calendar year 1962 and expected to be incurred in the calendar year 1963 in the operation of the Champlain bridge, Montreal harbour, $92,000.

F—St. Lawrence seaway authority—

230. Operating deficit and capital requirements of canals and works entrusted to the St. Lawrence seaway authority with the approval of the governor in council, and to authorize, notwithstanding the Financial Administration Act or any other act, the disbursement by the authority of revenues derived from the operation and management of such canals and works, $2,788,000.

LOANS, INVESTMENTS AND ADVANCES

Transport—

General—

L63a. Advances to the Canadian National Railway Company, pending the enactment of the Canadian National Railways Financing and Guarantee Act, 1962-63, on such terms and conditions as the governor in council may approve, $26,000,000.

Canadian overseas telecommunication corporation—

L65. Loans to the Canadian overseas telecommunication corporation in accordance with section 14 of the Canadian Overseas Telecommunication Corporation Act for additions and betterments to facilities $7,710,000.

L65a. Loans to the Canadian overseas telecommunication corporation in accordance with section 14 of the Canadian Overseas Telecommunication Corporation Act for additions and betterments to facilities, $3,284,145.

National harbours board—

L70. Advance to national harbours board, subject to the provisions of section 29 of the National Harbours Board Act, to meet expenditures applicable to the calendar year 1963 on any or all of the following accounts:

Reconstruction and capital expenditures—		
Three Rivers	$ 845,000	
Montreal	8,116,500	
Vancouver	2,026,000	
	$10,987,500	
Less—Amount to be expended from replacement and other funds ..	5,083,500	$5,904,000

L70a. Advances to national harbours board subject to the provisions of section 29 of the National Harbours Board Act, to meet expenditures applicable to the calendar year 1963 on the following account:

Reconstruction and capital expenditures—	
Montreal	$1,994,000

St. Lawrence seaway authority—

L75. Loans to the St. Lawrence seaway authority in such manner and subject to such terms and conditions as the governor in council may approve, $1,500,000.

APPENDIX

DISARMAMENT RESOLUTION PASSED BY AUSTRALIAN HOUSE OF REPRESENTATIVES

House of Representatives,
Parliament House,
CANBERRA, AUSTRALIA.

18th July, 1963.

Sir,

I have the honour to bring to the attention of your parliament a resolution agreed to by the House of Representatives of the parliament of the Commonwealth of Australia on 23rd May, 1963. The resolution is as follows:

That—

(1) World-wide disarmament is now a condition of survival for all mankind;

(2) Regional disarmament arrangements cannot give security while the danger of attack from other regions continues to exist;

(3) No program of disarmament can be effective without proper safeguards;

(4) Proper safeguards are impossible without inspection and verification on an international basis;

(5) Therefore, agreements on the measures for the inspection and verification of the successive stages of general and complete disarmament are a necessary first step toward this objective;

(6) Such agreements on international inspection and verification would afford evidence of good faith and willingness to implement positive measures for disarmament and would thus tend to reduce international tensions; and

(7) Believing in these principles, this house desires Mr. Speaker to communicate this resolution to the parliaments of all members of the United Nations.

I have the honour to be, sir, your most obedient servant.

J. McLeay,
Speaker.

The Speaker,
House of Commons,
OTTAWA, ONTARIO, CANADA.

HOUSE OF COMMONS

Monday, July 29, 1963

The house met at 2.30 p.m.

HOUSE OF COMMONS

SESSIONAL EMPLOYEES TO BE KEPT ON STRENGTH DURING SUMMER RECESS

Mr. Speaker: It might interest hon. members to know that following a decision taken by the commissioners of internal economy, our sessional employees who may wish to work during the next summer adjournment of the house will be kept on strength.

SUPPLEMENTARY ESTIMATES, 1963-64

A message from His Excellency the Deputy Governor General transmitting supplementary estimates "C" for the financial year ending March 31, 1964, was presented by Hon. Walter L. Gordon (Minister of Finance), read by Mr. Speaker to the house, and referred to the committee of supply.

(Translation):

PRIVILEGE

MR. MARCOUX—PAROLE GRANTED LEOPOLD DION

Mr. Guy Marcoux (Quebec-Montmorency): Mr. Speaker, I rise on a question of privilege.

Even though this matter does not concern me personally, I presume that the house will give me its unanimous consent.

Over the week end my residence was deluged with visitors and phone calls concerning the case of Leopold Dion who was found guilty of the murder of four children.

Last week, the Minister of Justice (Mr. Chevrier) promised me to appoint a lawyer and a psychiatrist to look into Dion's record.

I am not raising this matter now since it is sub judice, but I am referring rather to the evidence taken following those tragedies. Dion himself stated that he had corrupted 21 youngsters since his last parole. Will they be 21 future criminals?

Allow me to quote the opinion of Hon. Justice Lucien Cannon who had recommended life imprisonment, in Dion's case.

On June 2, 1940, he had stated, according to *L'Action* of July 2, 1963:

> In such a case, parole should never be granted.

According to *Le Soleil* of July 26, 1963, Charles Edouard Cantin, assistant solicitor general of the province of Quebec, had applied for the repeal of Dion's ticket-of-leave, in order that he serve his life sentence. Even *Le Devoir* of this morning pointed out that Mr. Cantin had objected to Justice George Street, but he noted that the judge did not remember his former protests.

Mr. Roger Champoux wrote in *La Presse* of July 26, 1963:

> But until the outcome, how many mysteries remain to be solved, how many concerns have to be quieted and how many questions asked will never receive a clear and definite answer.

Considering that the Profumo case has given rise to a royal inquiry in Great Britain even though there has been no loss of life, I respectfully submit that the national parole board should also be subject to a full royal inquiry.

I understand that the board is supposed to be independent but, in view of the circumstances, we need more than just a simple investigation.

Even though there are political differences between the hon. members for Quebec East, Portneuf and Saguenay and myself, I am sure that they will agree with me on that point because some of their constituents are directly affected by that tragedy.

Considering that sexual perverts are mentally sick, probably the Criminal Code should be amended so as to provide complete and adequate therapy for such people before they are eligible for parole.

As a doctor, I appreciate that psychopaths cannot be treated the same way as run-of-the-mill prisoners.

I therefore appeal to the feelings of the Minister of Justice because his children or his grandchildren could be the victims of such a tragedy just as well as ours.

Before I conclude, I should like to say that it might be appropriate to consider the resignation of Justice Street since he seems to

have made a decision without even having all the facts before him.

So I ask the Minister of Justice to order a royal inquiry regarding the national parole board.

Hon. Lionel Chevrier (Minister of Justice): Mr. Speaker, I do not object to the hon. member raising that matter in the house, even though I do not believe the case at issue warrants a question of privilege.

Be that as it may, as I was entering the house, the hon. member for Quebec-Montmorency (Mr. Marcoux) supplied me with a copy of the statement he intended to make in this chamber to ask that a royal inquiry be made into that matter.

As I have already said, the government and the Department of Justice feel that is a most serious matter. Furthermore, and having read as the hon. member did the statements published in the week-end newspapers about it, I inquired and prepared a few notes I should like to put on record.

As I just said, I read in the week-end newspapers certain statements attributed to the assistant attorney general of the province of Quebec concerning the case of Leopold Dion. The various press reports do not establish clearly whether Mr. Charles Edouard Cantin is of the opinion, first, that his department ought to be consulted each time a request for parole is being considered and that the opinion given by his department ought to bind the national parole board or, second, that his department should be permanently represented on the board and thus share the responsibility for the decisions taken.

Besides, Mr. Cantin criticized the watch that was kept on Leopold Dion and expressed the opinion that, generally speaking, supervision should be provided by his own department.

Last Friday I informed the house that a lawyer and a psychiatrist would be asked to review that file to determine if, in this case, too great a risk was taken, in view of all the circumstances.

The policy of the former remission service and that of the present national parole board is to obtain, as soon as possible after an inmate is admitted to a penitentiary, a report from the police officers who made the investigation and one from the judge who passed the sentence. This is done to establish the circumstances surrounding the offence and what the sentence is meant to achieve. A date of eligibility for parole is set up within six months following imprisonment, in accordance with the act and the rules. That date, according to an understanding that went into effect on January 1, 1963, is made known—and I would like the house to take note of that—to the department of the attorney general of the province of Quebec in case it should ever want to express its views about a parole that might be granted to an inmate. I am advised that since then no special communication has been received.

The department of the attorney general in a province, as Mr. Cantin said, must prosecute lawbreakers in order to protect society. I will add that it must also put at the disposal of the court, through specialized officials, information that enables the judge or the magistrate to pass the appropriate sentence. Finally it must give inmates living conditions that will facilitate their rehabilitation.

The national parole board takes into account the views, opinions and recommendations submitted by the police officers, the judge, the jailer. When it renders a decision, it has information on the offender's status before his imprisonment, it knows also the progress he has made in the penitentiary as well as his plans when he is released. It must also protect society and choose only cases that seem to warrant such a parole. If by means of preliminary consultations or a permanent representative, the department of the attorney general for the province of Quebec wishes to share the responsibility of the decisions of the board, I believe that it can be arranged easily and the board will welcome such an offer of co-operation. However, it remains to be seen if such a representative from the department of the attorney general will be able to never make a mistake. He will have, of course, to accept to be jointly responsible for the majority of decisions of the board.

I shall add only this, Mr. Speaker. Since I have already announced the appointment of a lawyer and a psychiatrist to study the case, I believe that before taking any other measures, I should wait at least for the result of that investigation.

[*Later:*]

On the orders of the day:

Mr. Remi Paul (Berthier-Maskinonge-Delanaudiere): Mr. Speaker, may I direct a question to the Minister of Justice. Does the minister expect he will soon be in a position to announce the names of the lawyer and the psychiatrist chosen to inquire into the case of Leopold Dion?

Hon. Lionel Chevrier (Minister of Justice): Mr. Speaker, I had hoped I could do it before today, but unfortunately, there were discussions concerning some psychiatrists and some lawyers. In any case, I hope we can arrive at a decision soon.

Mr. Paul: I have a supplementary question for the Minister of Justice, Mr. Speaker. Could he give us the assurance that the lawyer chosen will be an expert in criminal law?

Mr. Chevrier: That is what I am looking for at this time, Mr. Speaker.

(Text):

DOMINION-PROVINCIAL CONFERENCE

REPORT BY PRIME MINISTER ON MEETING IN OTTAWA

Right Hon. L. B. Pearson (Prime Minister): I should like to present a report on the federal-provincial conference which took place in Ottawa last Friday and Saturday. I shall do so only briefly because, as the house is aware, the government proposes to proceed tomorrow with the legislation concerning financial assistance to municipalities which was the main subject, as it turned out, discussed at this conference. The practical results of the conference will thus be determined by parliament itself.

What the conference achieved was all that it, in itself, could achieve. That is to say, it produced what we consider to be a very satisfactory understanding with the provincial governments about the proposals that the federal government will make to this parliament. The decisions then will be in the hands of parliament.

The understanding between federal and provincial representatives can best be summarized by reading the communiqué which was approved at the concluding session by all members of the conference. That communiqué reads:

> The meeting of federal and provincial governments has concluded with full agreement on the proposal of the federal government to promote employment by financial assistance, with provincial approval and co-operation to municipal capital works.
>
> The federal government indicated to the provinces that it will propose, in the legislation to be discussed in parliament next week, features which will enable the measure to be applied in forms adapted to different conditions in the various provinces.
>
> The federal government will propose that the range of municipal works covered in the program will be broadened so as to include in any province all those municipal works which the province and the federal government believe to be productive of increased employment.
>
> In response to suggestions from a majority of the provinces, the federal government will also propose that, if a province so wishes, it will be able to make with the proposed municipal development and loan board an agreement whereby the province is responsible for granting and administering the loans to municipalities, subject to such safeguards as are necessary to enable the board to report to parliament that expenditures have been properly made according to the purposes of the legislation.
>
> It was agreed by all the governments that this proposed legislation can operate satisfactorily, with the agreement and co-operation of the provinces, to promote employment in Canada.
>
> The conference also discussed the Canada pension plan recently put forward by the federal government. The discussion was conducted in the spirit of the common interest of federal and provincial governments in ensuring satisfactory provision for old age security and other welfare measures in Canada. It was agreed that further discussions between federal and provincial representatives should take place at an early date.
>
> There was also agreement at the conference that more regular federal-provincial meetings should be held, and that it is desirable to establish more adequate machinery for maintaining federal-provincial contact between such meetings.

That, Mr. Speaker, was the agreed communiqué. There is just one thing I would add to the communiqué at this point, and that is to express in the house my warm appreciation to the eight premiers and to the representatives of the two other provinces who attended the conference. The discussions were frank, fair and friendly, and in my view were exactly what such discussions should be.

In recent years we have all had reason to become increasingly conscious of the difficulties in federal-provincial relationships. That is the reflection, fundamentally, of changing conditions, of growth and development in our country. The difficulties are not to be regretted provided that we know how to respond to the inevitable challenge which they create. The recent conference has confirmed in the fullest possible way my own faith that the challenge will be met.

The success of any form of government depends fundamentally on those it puts into positions of responsibility. In the governments of the provinces of Canada there is the spirit of co-operation, the understanding and farsightedness which Canadians need in order to improve and advance our confederation. In expressing to the provinces, as I did, my appreciation of the spirit in which they took part in the conference, I should like to

say above all that it will be the steady determination of this government to act in that spirit. I believe we can look forward to close and regular consultation which will be productive of the kind of co-operative federalism that will serve the aspirations of all Canadians.

Right Hon. J. G. Diefenbaker (Leader of the Opposition): Mr. Speaker, with the objective that the Prime Minister enunciated in his concluding words there will be general agreement. He has spoken of the fine spirit of co-operation between the federal and provincial governments as evidenced by the issue of the communiqué to which he made reference. That is all to the good, because a matter of three or four weeks ago one would have thought that as between the government of Canada and one or two of the provinces there was not close consultation and a hot line should have been established, similar to that which was brought into being as between Khrushchev and Kennedy. However, everything is fine now according to the Prime Minister.

We are naturally pleased that consultation took place with the provinces. When this question was first before the house Her Majesty's loyal opposition asked what consultation had taken place, and there was an obvious resentment on the part of ministers of the crown to the suggestion that it should take place. We feel that consultation should be a prelude to rather than a consequence of legislation brought before parliament. I should like to add as well that what has happened has been that in almost every particular the haphazard pieces of legislation or resolutions to bring about legislation have been set aside and the demands of the provinces have been met 100 per cent.

There has been some reference to the high quality of the diplomacy exhibited by the Prime Minister at this conference.

Some hon. Members: Hear, hear.

Mr. Diefenbaker: Applause is always welcome from where'er it comes. If to bargain diplomatically is to completely surrender everything for which the government of Canada stood, then this indeed was a victory for diplomacy, and provincial diplomacy at that. Having regard to the manner in which the plan of the government has been dissected, if not completely set aside, I should think the government might very well withdraw the resolution that it has presented and introduce another one, instead of amending this resolution; because the amended resolution will bear little relationship to the original plan of the government.

We are glad to see that there has been agreement. If there had been previous consultation no doubt there would have been agreement; because the provinces, as I said a moment ago, succeeded 100 per cent in attaining their objective. What is going to happen is that the provinces will have available tremendous amounts of money from the federal government, not only for the purposes originally decided upon by the government for the projects which were referred to, but for a whole lot more projects. This was one of the suggestions we in the opposition had made, that this plan should not be restricted and further projects should be included.

Furthermore, I would add this. The plan is very much the plan we brought into effect under the winter works program. If imitation is the highest form of flattery, the high point was reached in the degree to which this plan is similar to the winter works program put in by the government of which I had the honour to be the leader. We consulted, and they agreed. We gave them control over the spending of the money, subject of course to the necessary safeguards of the federal interest. I think all of us realize that now, as a result of this conference having brought about this degree of unanimity, how much better it would have been in the interest of good feeling between federal and provincial governments if consultation had taken place in advance.

The subject of pensions was glided over by the Prime Minister with almost equal finesse to that displayed by the communiqué. It is very apparent that the provinces have grave doubts about the plan advanced by the federal government. That plan was introduced with a great fanfare of trumpets. It has been examined in the light of experience, and has certainly not been found to be worthy of the high commendation given to it when the resolution was introduced.

However, the provinces did not touch that. They were dealing with another large matter, the matter of securing funds to be loaned to the various municipalities. That being so, and having regard to some of the expressions of those present at the conference, I reiterate that the pension plan is going to take a long time, and full examination, to implement. I repeat what I have said on more than one occasion, that it will be months and months, if not years, before this pension plan in its entirety can be successfully launched, and the government should arrange at once for the payment of the $10 increase to the old age pensioners of Canada.

Mr. R. N. Thompson (Red Deer): Mr. Speaker, the results of the conference on

Friday and Saturday have been observed with much interest not only by those of us in the Social Credit party but by all people across the country. In the statement the Prime Minister has made he has given official confirmation to the actions which were taken. Indeed, it was the stand taken not only by myself but also by a number of other speakers on behalf of our party, when this legislation was introduced, as we were strongly in favour of the action which the government has now taken. We stressed the need that the autonomy of the provinces must be respected, and that too often the federal government disregards the position and responsibility of the provincial governments.

It is essential that we give more serious thought to this aspect of consultative government. It would have saved the government a great deal of grief with regard to the budget if just a few more people had been taken into consultation, and certainly the problems which the government has faced with respect to the municipal development and loan fund would have been eased considerably if this consultative aspect had been implemented before the legislation was introduced.

There is an interesting point here that I think important to mention. It is that a great deal can be accomplished by men of good will, even though they may have various differences, by getting together and attempting to solve their mutual problems in a spirit of harmony. The Prime Minister, the premiers and representatives of the provinces should be complimented for the progress they have made in this regard.

There are several other points in the Prime Minister's statement that are significant. He mentioned the need for more frequent provincial-federal meetings. We feel this is most important. He also mentioned the need for adequate machinery to provide for such meetings, and I would remind him that one of the suggestions we have been making for the last year or two is that there ought to be a full department of government, a ministry of provincial-federal affairs, set up to care for the problems that arise when the responsibilities of the two levels of government overlap.

I trust that the government will now give serious thought to setting up some such permanent machinery that will be adequate to take care of this very important need, a need which is growing as governments become more powerful.

With regard to the question of municipal finance I would just like to mention that the municipal development and loan fund, that has been dealt with over the week end, is only a temporary measure. It is to relieve problems of unemployment in the months ahead. Unless there is some permanent machinery set up to solve the problem of municipal finance we are going to have a repetition of this situation year after year. I hope that when we return next fall the government will see fit to introduce legislation to set up a municipal development bank that would provide a source of social or public capital to take care of the public needs on a continuing basis.

Mr. D. M. Fisher (Port Arthur): Mr. Speaker, the Leader of the Opposition has touched on so many of the bases that are critical of the government in this matter that it does not behove me, as the representative of my party, to follow his lead, except to say that he missed working in any talk about the spirit of Hyannis Port being replaced by the spirit of Jean Lesage.

Our general feeling is that the Prime Minister's announcement is a good one. We are pleased that the unemployment measure is going to be introduced, although it is also quite apparent that in achieving this the Prime Minister and his colleagues undoubtedly gave something away. I do not know what it was they gave away, but we know they gave it away in the spirit of co-operative federalism. However, when the legislation comes before us we would like to know what it was they gave away.

So far as the pension part is concerned, I agree with the Leader of the Opposition that it was certainly slipped over in the remarks of the leader of the government. He gave us to understand, as have many other hon. members of the house, that the Canada pension plan was the cornerstone for the new Liberal government and its program and policies. Now we find that the cornerstone has not even been laid and that it is likely to be a very, very long time before it is to be set in position. That being the case, it seems to me we are justified in turning to the general promise that was made that there would be an across the board increase for old age pensioners of somewhere in the neighbourhood of $10 a month.

We will look forward to supporting the legislation this coming week or the week after, and we would be interested in knowing what changes will be made necessary in the parliamentary schedule by the fact that we can now proceed with this legislation as well as all the other pieces of legislation with which we must deal.

When the legislation is put before us we will look forward to finding out just what was the amelioration of the original proposal that led Premier Lesage and Premier Robarts in particular suddenly to become so co-operative.

Senate and House of Commons Act

(Translation):

[*Later:*]

On the orders of the day:

Hon. Paul Martineau (Pontiac-Temiscamingue): Mr. Speaker, I should like to ask the Prime Minister a question resulting partly from the statement he made earlier this afternoon about co-operative federalism and also from the remarks he made over the weekend about the desirability to review the constitution. Could he tell the house whether he intends to introduce some specific measures in this respect?

(Text):

Right Hon. L. B. Pearson (Prime Minister): Obviously, Mr. Speaker, this is not a question which could or should be dealt with on the orders of the day.

(Translation):

[*Later:*]

On the orders of the day:

Mr. L. J. Pigeon (Joliette-L'Assomption-Montcalm): Mr. Speaker, I should like to direct a question to the President of the Privy Council. Can the minister explain why, in reply to a C.B.C. reporter, he stated that the majority of the provinces request an amendment to the act concerning municipal loans because:

they are afraid—

and rightly so,

—of the control of the federal government over municipalities.

Hon. Maurice Lamontagne (President of the Privy Council): Mr. Speaker, I am of the opinion that this question is out of order at this time.

Mr. Pigeon: Mr. Speaker, I rise on a point of order. I very respectfully submit that the decision as to whether or not this question is in order lies with you rather than with the member for Outremont-St. Jean, from whom even we on this side of the house have no lesson to receive.

(Text):

SENATE AND HOUSE OF COMMONS ACT

AMENDMENTS RESPECTING SESSIONAL ALLOWANCES, TRAVELLING EXPENSES, PENSIONS, ETC.

Right. Hon. L. B. Pearson (Prime Minister) moved that the house go into committee later this day 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 Senate and House of Commons Act

(a) to increase the sessional allowances payable to members of the Senate and House of Commons;

(b) to provide for the payment of an additional allowance to each leader of a party in the House of Commons, other than the Prime Minister and the Leader of the Opposition, that has a recognized membership of twelve or more persons in the House of Commons;

(c) to provide for the payment of an additional allowance to the members occupying the recognized positions of chief government whip and chief opposition whip in the House of Commons;

(d) to provide for the payment to members of the Senate and House of Commons of such actual transportation and travelling expenses and telecommunication expenses as the Senate and House of Commons may order;

(e) to provide for the payment to each minister of the crown, the Leader of the Opposition and the Speakers of the Senate and the House of Commons of a motor vehicle allowance;

(f) to increase the allowances paid to the members of the Senate and the House of Commons for expenses incidental to the discharge of their duties;

and to amend the Members of Parliament Retiring Allowances Act

(g) to increase the amount of contributions to be paid by members into the consolidated revenue fund, to provide for the payment of an allowance to the widows of members of parliament where such members have made or elected to make additional contributions under the act and to make changes in the amount of the retirement allowances payable to members;

(h) to provide for the payment of an annual allowance out of the consolidated revenue fund to persons who have held the office of prime minister for four years and to the widows of any such persons;

and to provide further for other related and incidental matters.

Motion agreed to.

JUDGES ACT

AMENDMENTS RESPECTING SALARIES, ADDITIONAL JUDGES, ETC.

Hon. Lionel Chevrier (Minister of Justice) moved that the house go into committee later this day 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 Judges Act to increase the salaries of judges of the Supreme Court of Canada, the Exchequer Court of Canada and the superior and county and district courts of the provinces; to provide salaries for eight additional judges of the superior court of Quebec, two additional judges of the supreme court of Nova Scotia including one chief justice, one additional judge of the queen's bench division of the supreme court of New Brunswick, one additional justice of appeal of the court of appeal for British Columbia, one additional judge of the supreme court of British Columbia, one additional judge of the court of queen's bench for Saskatchewan one additional justice of appeal of the supreme court of Alberta and one additional puisne judge of the supreme court of Newfoundland; and to make certain consequential amendments to the Criminal Code.

Motion agreed to.

QUESTIONS

Mr. Pickersgill: Mr. Speaker, the following questions are being answered today: 901, 952,

982, 998, 1,025, 1,031, 1,032, 1,039, 1,043, 1,047, 1,048, 1,059, 1,060, 1,065, 1,068, 1,073, 1,074, 1,079, 1,082, 1,090.

With regard to question No. 453, if it could be made an order for return the return would be tabled immediately. Would Your Honour be good enough to call starred questions Nos. 964, 970, 1,051, 1,055, and 1,056. I would ask that the other questions stand.

Mr. Knowles: Mr. Speaker, before Your Honour calls the starred questions I wonder whether I might ask the Secretary of State a question under this order. He knows that many of us appreciate the answers to questions that are being placed on *Hansard* this year rather than being made orders for returns. But last Wednesday, under the practice now being followed, a question of mine, No. 934, was made an order for return and was tabled that day as sessional paper 92a. It is a bit lengthy, but it is not nearly as lengthy as some others appearing in *Hansard*. There is fairly general interest in the subject of my question, and I wonder whether the Secretary of State would be willing now to agree to question 934 of last Wednesday being included among those being answered on *Hansard* today.

Mr. Pickersgill: Mr. Speaker, I would be very happy indeed to comply with that request, if it is the wish of the house. I think the hon. gentleman's point is well taken.

Mr. Speaker: Does the house agree?

Some hon. Members: Agreed.

(Questions answered orally are indicated by an asterisk.)

IRRIGATION AND WATER CONSERVATION EXPENDITURES

Question No. 901—**Mr. Gauthier:**

What amount has the Department of Agriculture paid in Canada as of March 31, 1963, for irrigation and water conservation, and, of this amount, what has been paid in the province of Quebec for that purpose?

Mr. Hays: Expenditures made by the Department of Agriculture under provisions of the Prairie Farm Rehabilitation Act for irrigation and water conservation projects amounted to $176,487,000 during the period 1935 to March 31, 1963. Included are those expenditures made in connection with major projects undertaken by agreement with specific provinces. None of the amount was spent in the province of Quebec.

PENSIONS OF ARMED FORCES PERSONNEL

Question No. 934—**Mr. Knowles:**

1. What is the average annual pension being paid, by rank, to permanent armed forces personnel retired in 1947?

2. What is the average annual pension being paid, by rank, to permanent armed forces personnel retired in 1962?

3. Have any adjustments been made, since they were retired, in the pensions of permanent armed forces personnel retired in 1947 and, if not, is consideration being given to such adjustments in the case of those retired (a) in 1947 or earlier (b) since 1947 and prior to 1962?

Answer: 1, 2 and 3. The attached table details the average annual pension being paid, by rank, to permanent armed forces personnel retired in 1947 and in 1962. Under the pension adjustment regulations, 2 October, 1958 which were later replaced by the Public Service Pension Adjustment Act, 8 July, 1959, increases in pensions in amounts from 1 per cent to 32 per cent, depending upon the date of retirement, and the basis upon which the original pension was calculated, were authorized. This authority did not provide increases in cases where

(i) the contributor was released subsequent to 31 December, 1952;

(ii) the contributor's pension at time of release was $3,000 or more;

(iii) the pension payable to a widow was $1,500 or more;

(iv) the the pensioner or his widow was employed in the public service of Canada; or where two or more pensions were in pay, the total which equalled

(a) in the case of an ex-member, $3,000;

(b) in the case of a widow of an ex-member, $1,500.

RANK (Navy and RCAF Equivalent)	ARMY			NAVY			AIR FORCE		
	Pensions Payable Personnel Retired 1947	Adjusted Pensions Per PSPAA	Pensions Payable Personnel Retired 1962	Pensions Payable Personnel Retired 1947	Adjusted Pensions Per PSPAA	Pensions Payable Personnel Retired 1962	Pensions Payable Personnel Retired 1947	Adjusted Pensions Per PSPAA	Pensions Payable Personnel Retired 1962
Lt. General	7,649.22	7,649.22	—	—	—	—	7,603.08	7,603.08	—
Maj. General	5,653.72	5,653.72	8,177.96	6,413.71	6,413.71	12,600.00	5,210.04	5,210.04	—
Brigadier	3,616.57	3,769.24	8,526.99	—	—	7,056.80	—	—	7,771.89
Colonel	3,675.22	3,741.57	5,632.29	4,673.56	4,673.56	4,926.91	3,249.72	3,375.78	6,250.59
Lt. Colonel	2,845.61	2,974.91	4,723.62	—	—	4,145.77	2,537.31	2,658.36	5,128.43
Major	2,021.74	2,420.71	4,119.86	—	—	3,981.66	2,050.35	2,513.84	3,755.48
Capt	1,521.24	1,887.54	3,452.55	2,256.49(1)	2,795.62(1)	4,135.24	1,637.12	1,942.17	2,848.95
Lieut	825.81	1,035.35	2,733.38	1,776.08(2)	2,203.17(2)	—	1,438.14	1,623.07	2,526.90
WO I	1,158.73	1,462.12	3,404.69	1,330.10	1,691.28	2,916.61	1,236.93	1,480.21	3,082.71
WO II	832.80	1,180.94	2,467.30	—	—	2,571.48	1,050.22	1,323.91	2,614.04
S. Sgt	882.54	1,107.01	2,125.48	1,078.39	1,357.55	2,305.58	—	—	2,252.40
Sgt	753.58	954.49	1,806.37	899.35	1,117.64	1,928.82	1,007.76	1,249.66	1,915.37
Cpl	571.63	732.73	1,345.52	905.01	1,140.31	—	—	—	1,415.41
Pte	729.74	915.08	1,110.28	—	—	—	—	—	1,143.41

NOTES: (1) and (2) denote personnel retired in the naval ranks of commissioned officer or warrant officer respectively.

COMMITTEE ON DEFENCE SPENDING

Question No. 952—**Mr. Smith:**

1. How many members are on the committee that will review defence spending under the chairmanship of Dr. R. J. Sutherland?

2. Is the chairman of the chiefs of staffs committee a member of this committee?

3. Are the chiefs of the staff of the (a) navy (b) army (c) air force members of this committee?

4. In addition to Dr. Sutherland, how many civilians are members of this committee?

5. Are all these persons civil servants?

6. Are any members of the national research council members of this committee and, if so, how many?

7. Are any members of the defence research board members of this committee and, if so, how many?

8. Have any persons not normally employed by the government been hired or (contracted with) for the purpose of serving on this committee either as a member, secretary, or researcher?

9. Is the scope of this committee limited to the review of defence spending and, if not, what are its terms of reference?

Answer: 1. There are six members of the committee including representatives of the armed services, defence research board and the deputy minister's staff.

2. No.

3. No.

4. Two.

5. All are public servants. Employees of the defence research board are not technically civil servants, but are employed under separate regulations similar to those governing employment by the national research council.

6. No.

7. No. However two employees of the defence research board are included in the membership.

8. No.

9. The instructions given to the ad hoc committee are as described in the statement of 27 June 1963 by the Minister of National Defence to the special committee on defence:

"To assist in the review of current procurement programs and in the consideration of future policy a special advisory group has been set up in the department under the chairmanship of Dr. R. J. Sutherland, chief of operational research in the defence research board. This group has undertaken a number of studies intended to demonstrate the reasons for and against a particular course of action and to list the available options. It does not make recommendations."

The task of the ad hoc committee is essentially analytical. Advice to the Minister of National Defence on questions of defence policy remains the responsibility of senior officers and officials and, in particular, of the chiefs of staff committee.

*C.P.R. PLAN FOR RAIL LINE ABANDONMENT

Question No. 964—**Mr. Cantelon:**

1. Has the C.P.R. filed with the board of transport commissioners or the Department of Transport an overall plan for rail line abandonment and, if so, what are the details of such plan?

2. If no plan has been filed, will the government undertake to obtain the details of such plan for the information of members of this house?

Mr. Cantin: 1. No.

2. This refers to a matter within the competence of the C.P.R. but we will be glad to take this matter up with them.

*ACTUARIAL BASIS, PORTABLE PENSION PLAN

Question No. 970—**Mr. Rynard:**

Has there been an actuarial calculation made in considering the proposed bill for portable pensions and, if so (a) has this actuarial basis been discussed with Canadian Life Underwriters or Canadian Life Insurance Companies and (b) are they in agreement that the proposed actuarial basis is financially sound?

Mr. Haidasz: Yes, by qualified actuaries in the department of insurance.

(a) No.

(b) Question not applicable.

NOVA SCOTIA—SUBVENTIONS TO CUSTOMERS UNDER POWER DEVELOPMENT ACT

Question No. 982—**Mr. Coates:**

1. What is the total subvention made available to industrial customers, under the Atlantic Provinces Power Development Act, in Nova Scotia in the years 1959, 1960, 1961, and 1962?

2. Is consideration being given to providing subventions under the Atlantic Provinces Power Development Act on a k.w.h. basis rather than on the gross subvention basis?

Answer: 1. The following amounts were made available to the province of Nova Scotia under the Atlantic Provinces Power Development Act: 1958-59*, $1,239,999; 1959-60, $898,591; 1960-61, $1,102,792; 1961-62, $1,004,-302; 1962-63, $1,078,427.

*—includes period December 1, 1957 to March 31, 1958.

2. The subvention being paid on Atlantic provinces coal consumed there in the generation of electricity is based on the formula to equate the cost of such fuel there to the cost of coal for thermal power production in Ontario.

(Translation):

PUBLIC WORKS EXPENDITURES, MONTMAGNY-L'ISLET CONSTITUENCY

Question No. 998—**Mr. Berger:**

From 1957 to 1963, how much did the Department of Public Works spend for the maintenance and repair of the wharves in the constituency of Montmagny-L'Islet, and what wharves were affected?

Questions

Mr. Badanai: $50,090.10.

Wharves at Montmagny, L'Islet, St. Jean Port Joli, Isle aux Grues, Lac Trois Saumons.

(Text):

DOCK REPAIRS, HAILEYBURY, ONT.

Question No. 1,025—**Mr. Peters:**

1. Is it the intention of the Department of Public Works to make repairs to the dock at Haileybury this year and, if so, have the tenders been called for this project?

2. If it is not the intention of the department to make repairs this year, what is the disposition intended by the government of this dock?

Mr. Badanai: 1. No.

2. The department has advised the town of Haileybury that should the municipality wish to take over these structures arrangements may be made through the Crown Assets Disposal Corporation or if preferred, consideration would be given to their complete removal by the department. No answer to this proposal has yet been received.

CONSTRUCTION OF DOCKING FACILITIES, MOOSONEE

Question No. 1,031—**Mr. Peters:**

Has the Department of Public Works undertaken an engineering and architectural study for the construction of a new dock or facilities at the port of Moosonee and, if so (a) what is the estimated cost of this reconstruction and (b) how soon will work commence on the project?

Mr. Badanai: A proposal is being studied to replace the existing small wharf at Moosonee with a removable pontoon.

(a) $50,000.

(b) This project is being considered for inclusion in the 1964-65 main estimates.

NORTH COBALT, ONT. POST OFFICE

Question No. 1,032—**Mr. Peters:**

Is it the intention of the government to build a post office at North Cobalt, Ontario, this year and, if so, when is it expected the tenders for this project can be let?

Mr. Denis: No.

4-H CLUBS

Question No. 1,039—**Mr. Hamilton:**

1. On what date was the name "4-H clubs" adopted in Canada?

2. What was the estimated number of members of 4-H clubs in Canada, by years, and provinces, since that time?

3. What has been the dollar amount of grants by the federal government in each of the fiscal years since 4-H clubs as such were started?

4. What is the amount in estimates for the fiscal year 1963-64 for this purpose?

Mr. Hays: 1. The name "4-H club" was adopted in Canada on May 20, 1952.

2. The estimated number of members of 4-H clubs in Canada since 1952, by years and provinces is as follows:

Year	B.C.	Alta.	Sask.	Man.	Ont.	Que.	N.B.	N.S.	P.E.I.	Nfld.	Total
1952	1,480	5,887	5,885	7,337	9,413	7,812	2,818	7,693	1,941	—	49,966
1953	1,693	6,974	6,347	8,164	11,196	8,198	2,866	7,566	1,686	666	55,356
1954	1,930	7,498	8,928	8,581	10,493	8,269	3,364	7,411	1,957	532	58,963
1955	1,966	7,793	10,747	8,430	11,156	8,951	3,006	7,803	2,091	419	62,362
1956	1,917	6,855	10,550	8,623	12,973	7,932	3,000	6,966	1,983	369	61,168
1957	1,973	6,604	10,800	8,566	13,465	7,942	2,506	6,552	2,191	960	61,559
1958	2,222	6,279	10,620	8,213	13,535	8,625	3,031	6,746	1,918	773	61,962
1959	2,310	6,931	10,745	8,790	17,658	8,578	2,828	6,150	1,910	786	66,686
1960	2,769	6,846	10,182	8,495	19,279	8,960	3,001	5,938	2,178	660	68,308
1961	2,950	7,285	10,539	8,762	20,210	9,103	2,418	5,954	2,203	1,399	70,823
1962	3,240	6,837	9,580	8,958	20,844	8,306	2,552	5,999	2,075	1,082	69,473

Questions

3. The dollar amount of grants paid by the federal government in each of the fiscal years since 1952 are as follows:

Fiscal Year	Grants to 4-H clubs organized in co-operation with the Canadian council on 4-H clubs	Grants to Canadian council on 4-H clubs
1952-53	$ 28,155*(a)	$ 10,000*(b)
1953-54	22,490*(a)	10,000
1954-55	40,125	10,000
1955-56	56,300	10,000
1956-57	72,160	10,000
1957-58	83,824	10,000
1958-59	74,985	10,000
1959-60	125,064	11,449
1960-61	100,000	11,450
1961-62	119,986	12,450
1962-63	119,998	12,500
	$843,087	$117,849

Note: *(a) Payments made to the provinces for assistance in connection with boys and girls club work.

*(b) Grants were made to the Canadian council on boys and girls club work.

4. Amount of estimates for the fiscal year 1963-64:

Fiscal Year	Grants to 4-H clubs organized in co-operation with the Canadian council on 4-H clubs	Grant to Canadian council on 4-H clubs
1963-64	$120,000	$ 18,400

TOURIST EXPENDITURES AND RECEIPTS

Question No. 1,043—**Mr. Hamilton:**

1. What are the estimated amounts of money spent by visitors to Canada in the calendar years 1953 to 1962 inclusive?

2. What are the estimated amounts of money spent by Canadians abroad in the calendar years 1953 to 1962 inclusive?

3. What amount has been spent by the Canadian tourist bureau in the fiscal years 1953-54 to 1962-63 for (a) advertising in commercial media (b) literature and mailing service (c) maintaining offices abroad (d) total expenditures?

Answer: 1. and 2.

1953	$302	million	$365	million
1954	305	"	389	"
1955	328	"	449	"
1956	337	"	498	"
1957	363	"	525	"
1958	349	"	542	"
1959	391	"	598	"
1960	420	"	627	"
1961	482	"	642	"
1962	560	"	610	"

[Mr. Hays.]

3. (a) The Canadian government travel bureau spent the following amounts on advertising in commercial media during the fiscal years 1953-1954 to 1962-63:

1953-54, $896,184.19; 1954-55, $952,824.81; 1955-1956, $948,024.92; 1956-57, $929,352.67; 1957-58, $1,252,500.72; 1958-59, $1,366,944.19; 1959-60, $1,415,938.58; 1960-61, $1,581,995.42; 1961-62, $1,673,893.02; 1962-63, $1,817,451.02.

3. (b) The Canadian government travel bureau expended on literature and on mailing service the following amounts during the fiscal years from 1953-1954 to 1962-1963:

	Publications	Postage	Freight, express & cartage
1953-54	$193,583.62	$ 1,550.89	$ 4,890.65
1954-55	$181,684.45	$ 1,868.62	$ 5,445.32
1955-56	$132,413.81	$ 2,600.14	$ 5,998.98
1956-57	$187,931.92	$ 2,945.45	$ 7,377.73
1957-58	$184,000.00	$ 2,374.75	$ 6,334.83
1958-59	$278,800.35	$ 3,325.46	$11,297.57
1959-60	$308,692.92	$ 3,096.07	$11,900.00
1960-61	$437,455.76	$ 3,603.66	$19,157.17
1961-62	$436,554.05	$ 7,194.77	$31,472.93
1962-63	$410,946.99	$12,342.72	$32,740.99

3. (c) The cost of maintaining Canadian government travel bureau offices abroad during the fiscal years 1953-54 to 1962-63 was as follows:

1953-54	$ 48,004.28
1954-55	$ 60,713.74
1955-56	$ 69,002.03
1956-57	$ 73,762.04
1957-58	$ 92,010.06
1958-59	$139,166.71
1959-60	$126,545.24
1960-61	$140,711.37
1961-62	$228,304.74
1962-63	$422,327.19

3. (d) The Canadian government travel bureau's total expenditures during the fiscal years 1953-1954 to 1962-63 were as follows:

1953-54	$ 1,442,655
1954-55	$ 1,500,503
1955-56	$ 1,458,252
1956-57	$ 1,546,283
1957-58	$ 1,930,766
1958-59	$ 2,206,129
1959-60	$ 2,299,939
1960-61	$ 2,682,516
1961-62	$ 2,974,851
1962-63	$ 3,341,428

ACQUISITION OF WEST COAST INDIAN COLLECTION, NATIONAL MUSEUM

Question No. 1,047—**Mr. Fisher:**

Did the national museum buy or receive as a gift, the Lord Bossom collection of west coast Indian material and, if the former, when, and what was the price paid?

Answer: The national museum of Canada purchased the Lord Bossom collection of west coast Indian material on May 5, 1955, at a price of £8,500 ($23,900), which was very considerably below the market value at that time.

(Translation):

POST OFFICE CARETAKERS, L'EPIPHANIE AND ST. DONAT, QUE.

Question No. 1,048—**Mr. Pigeon:**

1. Were public tenders let for the appointment of a caretaker for the post office at L'Epiphanie, Assomption county, and for the post office at St. Donat, Montcalm county, and, if so, what are the names of the tenderers, and the amounts quoted in each case?

2. Does the Department of Public Works intend to award these contracts to the lowest tenderers and, if so, when?

Mr. Banadai: 1. Yes. The department called for public tenders and received the following tenders:

L'Epiphanie: Sylvio Riopel, $75 per month; Paul Bernier, $90 per month; Marcel Lafortune, $100 per month; Leo Seguin, $116 per month; Andre-Claude Riopel, $125 per month; Mrs. Jeanne Riopel, $150 per month; Emmanuel Poitras, $500 per month; J. R. Lafortune, $1,450 per month.

St. Donat de Montcalm: Joseph Rivest, $72 per month; Eugene Charbonneau, $75 per month; Yvon Forget, $100 per month.

2. The contracts have been awarded to the lowest bidders, as follows:

L'Epiphanie: Sylvio Riopel, July 22, 1963; St. Donat de Montcalm: Joseph Rivest, July 11, 1963.

(Text):

*ASSISTANT DEPUTY MINISTERS, NORTHERN AFFAIRS

Question No. 1,051—**Mr. Pigeon:**

1. What are the terms of reference of the assistant deputy ministers' positions in the Department of Northern Affairs and National Resources?

2. How many of these positions are now filled by bilingual civil servants?

3. How many of these positions are now vacant, and how many are expected to be vacant by July 1, 1964?

4. When these vacancies occur, is it the intention to fill them by open competition?

5. Has the membership of all or part of the selection panel or panels for any of the assistant deputy ministership vacancies already been decided and, if so, what are the names of the members, their positions, and the names of their immediate superiors?

Questions

Mr. Laing: 1. Under direction of the deputy minister to be responsible for the general administration of the department; to undertake studies, make policy recommendations and prepare reports for the deputy minister as required; to co-ordinate departmental activities throughout Canada; to carry out reviews of the organization and procedures of the department and to make recommendations thereon; to represent the deputy minister in discussions, negotiations and on committees as directed; to perform such other duties as may be required.

2. Of the two positions, none at present.

3. One now vacant; second vacancy expected in November 1963; both expected to be filled before July 1, 1964.

4. Yes.

5. No.

*APPLICATION FOR WATER DIVERSION BY NORTH WEST POWER LTD.

Question No. 1,055—**Mr. Herridge:**

1. What is the date of the application by North Western Power Industry Limited, a subsidiary of Ventures-Frobisher Company, made to the government of Canada or any department thereof for authority to divert the waters of the Yukon river to the Taku river in Alaska?

2. What are the conditions prescribed in the permit or other authorization to carry out the investigation or studies related thereto?

3. What is the name of the officer of the government of Canada who recommended or issued the aforementioned permit or other authorization?

4. On what date was the permit or other authorization terminated, and by whose order?

5. What are the reasons for the termination of permit or other authorization?

6. How long did the official who recommended or issued this permit or authorization remain in the employ of the government of Canada after the licence or authorization was terminated?

Mr. Laing: Mr. Speaker, I would like the consent of hon. members, because the reply to this question extends to some three and a half pages, to having it taken as read. Perhaps the house would consent to having it printed in *Hansard.*

Mr. Speaker: Is it agreed?

Some hon. Members: Agreed.

[*Editor's note: The answer referred to above is as follows:*]

1. (a) No application was made by Northwest Power Industries Limited for authority to divert the waters of the Yukon river to the Taku river in British Columbia. Under the terms of the Dominion Water Power Act and regulations a final licence is required for diversion, use or storage of water for power purposes when such water is located on lands belonging to Her Majesty in right of Canada. Such a final licence is not granted until completion of the project. The normal sequence

of events is for the agency or company interested in developing a water power project which falls within the purview of these regulations to apply for a survey permit which permits the applicant to enter upon lands belonging to Her Majesty in right of Canada to survey and investigate the project for a period of up to three years. Survey permits are issued by the director of water power.

(b) On completion of these preliminary surveys and investigations and subject to the conditions set forth in the regulations, the applicant may apply for a priority permit which shall give the applicant priority over other applicants in the consideration of his general layout plans if filed within the time specified in the permit. A priority permit is issued by the minister and is effective for a period of up to one year; it may be extended for a period of up to one year under certain conditions. Such permit shall in no case be construed as binding the minister to issue an interim licence nor as giving the applicant any exclusive claim or right.

(c) The minister may issue to the applicant an interim licence for the carrying out of the proposed development when he is satisfied that the proposed development is the best possible in the public interest.

(d) On completion of the project the minister may issue a final licence covering it for a term not exceeding 50 years from the date fixed in the original interim licence for the completion of the initial development.

(e) On 6 July 1954 Northwest Power Industries Limited applied for a priority permit which was issued on 18 August 1954 by the minister, Hon. Jean Lesage.

(f) On 22 July 1955 the company applied for an extension of this permit and such extension for a period of one year was issued by the acting minister, Hon. J. J. McCann.

(g) On 20 August 1956 the company applied for a new priority permit on the grounds of the magnitude of the surveys and studies required on which it already had spent $812,000 and this second priority permit was issued on 28 August 1956 by the minister, Hon. Jean Lesage.

(h) On 16 August the company applied for an extension to the second priority permit and a one year extension was granted on 28 August 1957 by the minister, Hon. Alvin Hamilton.

(i) On 22 August 1958 the company applied for a third priority permit for the same reasons covering its application for the second priority permit and this third permit was issued on 11 November 1958 by the minister, Hon. Alvin Hamilton.

[Mr. Speaker.]

(j) On 5 November 1959 the company applied for an extension to the third priority permit which was not granted as the company produced no evidence of having incurred additional expense on the survey and study under the third priority permit. However, a fourth priority permit was issued to the company on 6 January 1960 by the minister, Hon. Alvin Hamilton, with the advice that this fourth priority permit was the last that would be issued to the company or its associates for this project on the basis of the investigations and studies carried out by the company to that date.

2. The conditions prescribed in the permit are those contained in the regulations.

3. The names of the two ministers and one acting minister issuing the four permits and extensions are given in 1 above.

4. As stated in 1 above, a priority permit can be issued only for a maximum of one year with an extension for a maximum of one year also.

5. Permits and extensions expired—see answer to 4 above.

6. The ministers concerned left office at various dates in accordance with constitutional practice.

*APPLICATION FOR WATER DIVISION BY ALUMINUM COMPANY

Question No. 1,056—**Mr. Herridge:**

1. What is the date of the application by the Aluminum Company of America to the government of Canada or any department thereof, for authority to divert the waters of the Yukon river to the Taku river in Alaska?

2. What are the conditions prescribed in the permit or other authorization to carry out the investigation or studies related thereto?

3. What is the name of the officer of the government of Canada who recommended or issued the aforementioned permit or other authorization?

4. On what date was the permit or other authorization terminated, and by whose order?

5. What are the reasons for the termination of permit or other authorization?

6. How long did the official who recommended or issued this permit or authorization remain in the employ of the government of Canada after the licence or authorization was terminated?

Mr. Laing: The same applies to question No. 1056, Mr. Speaker, except that the answer extends to 3¾ pages.

Mr. Speaker: Is it agreed that this answer be printed in *Hansard*?

Some hon. Members: Agreed.

[*Editor's note: The answer referred to above is as follows:*]

(1) Information with respect to authority to divert waters which are contained within lands belonging to Her Majesty in right of Canada is given in the answer to part (1) of question No. 1055. On 4 May 1949 the

Aluminum Company of America applied for a survey permit to investigate possibilities of diversion of water from the Yukon Territory to the Taiya river in Alaska. This survey permit was for a period of one year and was issued in the name of Mr. Bethume L. Smith, K.C., solicitor for the company on 10 June 1949 by the late Mr. Norman Marr, then director of water power and acting controller of the dominion water and power bureau.

On 1 May 1950 the Aluminum Company of America requested the renewal of this survey permit for a one year period and on 15 May 1950 this renewal was refused by Mr. Marr as arrangements had been made to conduct surveys in the same area under government auspices.

On 14 November 1952 the Aluminum Company of America applied to the then minister, Hon. R. H. Winters for approval of the plan to divert the Yukon river headwaters into the Taiya river. No permit was awarded in response to this application.

(2) The conditions in the survey permit were those contained in the Dominion Water Power Act and Regulations.

(3) Mr. Norman Marr as stated in (1) above.

(4) The survey permit was for one year only and expired on 9 June 1950.

(5) See answers to (4) and (1) above.

(6) Mr. Marr was continuously in the employ of the government of Canada until his death in April 1954. He became controller of the dominion water and power bureau in July 1949. The name of this position and that of the bureau were changed on 1 April 1950 to chief of the water resources division, in which capacity Mr. Marr served until his promotion in May 1952 to director of the engineering and water resources branch of the department of resources and development. This latter name was changed to northern affairs and national resources in 1953.

REGIONAL SUPERINTENDENT OF AIR REGULATIONS, TORONTO

Question No. 1,059—**Mr. Aiken:**

1. Has an appointment been made to the position of regional superintendent of air regulations in Toronto to replace Mr. M. Louch?
2. If so, what is the name of the new appointee, and what was the number of the civil service competition?
3. How many applicants were there for this position?

Mr. McIlraith: 1. An appointment has been made to the position of regional superintendent of air regulations, Toronto, to replace Mr. M. Louch but the officer has not yet reported to assume the duties of this position.

2. The name of the new appointee is Mr. Herbert John Taylor. This is a horizontal transfer in that Mr. Taylor is presently employed with the department at Ottawa and holds the same classification as that authorized for the regional superintendent of air regulations, Toronto, to which he is being reassigned.

3. Not applicable.

TRAVEL ADVERTISING IN EUROPE

Question No. 1,060—**Mr. Thompson:**

1. How much is being spent in the current financial year, and in what forms of publicity, to attract European tourists to visit Canada?
2. What is this amount as a percentage of the total expenditure of the Canadian travel bureau?
3. Does the government have plans to do more to encourage European tourists to visit Canada in the future?

Answer: 1. The Canadian government travel bureau will spend an estimated $330,538 during 1963-64 to attract European tourists to visit Canada. This amount is broken down as follows:

London travel counselling office	$128,538
Publicity program, including release of travel stories and photographs to newspapers and magazines	$ 40,000
Visits of British travel writers and agents to Canada	$ 5,000
Advertising in Britain in newspapers, magazines and trade press	$150,000
Travel promotion literature	$ 55,000
Total	$378,538

2. The Canadian government travel bureau's estimated expenditures for Europe represent 10 per cent of its 1963-64 financial budget.

3. Yes. In the current fiscal year the Canadian government travel bureau expects the civil service commission to select a general manager (Europe) and travel promotion officers for Paris and Dusseldorf. Consideration will be given to further expansion of the bureau's work in Europe by extension of its advertising and public relations activities in the estimates for 1964-65.

LABOUR FORCE AND UNEMPLOYMENT INSURANCE FUND

Question No. 1,065—**Mr. Howe (Wellington-Huron):**

1. What was the total labour force in Canada as of May 31, 1958, 1959, 1960, 1961, 1962 and 1963?
2. What was the balance in the unemployment insurance fund as of April 8, 1963 and June 30, 1963?

Mr. MacEachen: 1. Week ended May 24, 1958, 6,120,000; week ended May 16, 1959, 6,186,000; week ended May 21, 1960, 6,391,000;

week ended May 20, 1961, 6,542,000; week ended May 19, 1962, 6,590,000; week ended May 18, 1963, 6,658,000.

2. The information regarding the balance in the unemployment insurance fund as of April 8, 1963 is not available. The balance as of June 30, 1963, was minus $24,777,-135.85.

STRATEGIC AIR COMMAND—WITHDRAWAL FROM FROBISHER BASE

Question No. 1,068—**Mr. Dinsdale:**

1. Has the strategic air command made the decision to withdraw from the air base at Frobisher and, if so, when will this withdrawal take place?
2. What property will be made available to the government of Canada as a result of the withdrawal, and what will be the terms of the transfer?
3. Does the government intend to integrate these properties and facilities with the development program for Frobisher approved in 1961 and, if so, was such integration allowed for in the original planning?
4. What effect will these changes have on the (a) extent of the development program and (b) cost of the program?

Answer: 1. Yes; operational use by strategic air command of the base at Frobisher Bay ceased on 1 July, 1963, and removal of U.S. government equipment will be complete by the end of the current shipping season.

2. Under the terms of existing agreements between the two countries, all buildings and other fixtures became available to the Canadian government without charge.

3. Yes; while this development was not specifically allowed for, planning for Frobisher has been sufficiently flexible to allow the government to take advantage of it.

4. The integration of these properties into the development program is at present being studied in detail by an interdepartmental committee. It is expected that the extent of new construction necessary will be considerably reduced, resulting in substantial savings in the cost of the program.

WORKS PROJECTS, FORT AMHERST PARK

Question No. 1,073—**Mr. Macquarrie:**

1. What are the plans of the government for restoration of the military fortress which once stood in what is now Fort Amherst historic park?
2. What other projects will be carried out in the park during the present calendar year?

Answer: 1. Archaeological investigations are currently being carried out at Fort Amherst national historic park. When these investigations are completed, the results will enable the character of the original fort buildings to be determined, and an assessment of the feasibility of restoration to be made.

2. The amount of $5,500 was provided this year for Fort Amherst, to undertake the access road and parking area.

[Mr. MacEachen.]

WINDOW CLEANING CONTRACT, FEDERAL BUILDING, NEW GLASGOW, N.S.

Question No. 1,074—**Mr. MacEwan:**

1. What were the names of the tenderers, and the amounts of the various tenders, for cleaning windows at the federal building, New Glasgow, Nova Scotia?
2. To whom was the contract awarded?

Mr. Badanai: 1. The tender of Mr. John Andrews of New Glasgow for $1,600 was the only one received in response to public advertising.

2. Mr. John Andrews.

FUEL OIL SUPPLY, NATIONAL DEFENCE ESTABLISHMENT, NICOLET, QUE.

Question No. 1,079—**Mr. Vincent:**

Has a contract been awarded by the Department of Defence Production for the supplying of fuel oil to the proving and development establishment of the inspection services of the Department of National Defence at Nicolet, Quebec, for the year 1963-64, and, if so (a) what is the name of the firm which was awarded the contract and (b) what are the names and addresses of all the tenderers, and the prices quoted?

Mr. Drury: 1. Yes (should read proof and experimental establishment).

2. Texaco Canada Limited, 1425 Mountain street, Montreal 25, Quebec.

3. (A) 135,000 gals. fuel oil, type 2 (burner)

	Prices	Terms
1. Texaco Canada Ltd., Montreal	$0.1239	2% 30
2. Imperial Oil Limited, Ottawa	0.1268	Net
3. Les Petroles de la Rive Sud., Nicolet	0.129	Net
4. The British American Oil Co. Ltd., Toronto	0.1344	2% 30
5. Canadian Oil Co. Ltd., Toronto	0.135	Net
6. Shell Oil Co. of Can. Ltd., Toronto	0.14	Net
7. Irving Oil Co. Ltd., Saint John	0.1435	Net

(B) 1,000 gals. fuel oil, type 1 (stove)

1. Texaco Canada Ltd.	0.1635	2% 30
2. Canadian Oil Co. Ltd.	0.174	Net
3. Imperial Oil Limited	0.179	Net
4. The British American Oil Co. Ltd.	0.179	2% 30
5. Les Petroles de la Rive Sud.,	0.20	Net
6. Shell Oil Co. of Can. Ltd.,	0.209	Net

FLUORIDATION OF WATER, NATIONAL PARKS

Question No. 1,082—**Mr. Lambert:**

1. Has the Minister of Northern Affairs and National Resources, or any of his officials, received any representations with respect to fluoridation of domestic water supplies in the national parks, particularly Banff national park and Jasper national park?

2. If so, has any decision been reached with respect to the introduction of fluoridation?
3. If not, when is a decision in this regard likely to be made?

Answer: 1. Yes.

2. Yes; until there is more specific indication that the principle of fluoridation of public water supplies has gained general public acceptance in Canada, it is considered that fluoridation of public water supplies in the national parks should not be implemented.

3. See 2.

SALE OF FEDERAL BUILDING, SPRINGHILL, N.S.

Question No. 1,090—**Mr. Coates:**

Has the old federal building at Springhill been turned over to crown assets disposal corporation for sale and, if so, have any requests related to the purchase of this building been received by crown assets disposal corporation?

Mr. Drury: No.

QUESTION PASSED AS ORDER FOR RETURN

MAIL CONTRACTS

Question No. 453—**Mr. Valade:**

1. How many contracts for the carrying of rural and city mail have been (a) renewed (b) cancelled since April 8, 1963?
2. How many contracts for the carrying of rural and city mail have been awarded since April 8, 1963?
3. What is the name and address of each person to whom contracts have been awarded; what is the amount involved in each case, and have public tenders been called?
4. If public tenders were called, what is the name, the address, and the amount tendered by each of the bidders, in each case?
5. Have mail contracts been awarded since April 8, 1963, through direct negotiations and, if so, what were those contracts; with whom were they negotiated and, what amounts are involved in each case?

Return tabled.

FINANCE

INQUIRIES RESPECTING MODIFICATION OF U.S. TAX IMPOSED

On the orders of the day:

Right Hon. J. G. Diefenbaker (Leader of the Opposition): Mr. Speaker, I would like to direct a question to the Minister of Finance and ask whether he has any observations to make on a letter which he allegedly received from Mr. Eric Kierans of Montreal, a prospective Liberal candidate in the Quebec provincial by-election, which letter was released to the press last Friday night.

Will the minister assure the house that the consequences foreseen by Mr. Kierans—that is, the potentially catastrophic consequences for Canada, to use the words of Mr. Kierans—of the message sent by the President to the congress of the United States regarding foreign securities are justified; and what is being done by the government to avoid the consequences that Mr. Kierans has warned of in such strong language?

Hon. Walter L. Gordon (Minister of Finance): Mr. Speaker, I do not think I should comment on the particular language that Mr. Kierans uses in his communications. I think this is a serious matter. As the right hon. Leader of the Opposition knows, a week ago Sunday the announcement was made of the exemptions which the United States authorities said they would recommend, and the Prime Minister on the following day, Monday, July 22, as reported at page 2438 of *Hansard*, said that the government would continue to seek exemption for such transactions. In fact I think it is generally known that we have been seeking complete exemption from this particular measure that is proposed by the United States administration.

Since last Monday some useful representations have been received from a number of quarters, and not only from the president of the Montreal stock exchange. The matter is being further discussed with the United States authorities this week. A senior official is leaving Ottawa for Washington later today, and I am looking forward to discussing the matter myself with officials of the United States administration later this week. Meanwhile further studies are being made in this complex field.

Mr. Martineau: Mr. Speaker, may I ask the minister a supplementary question.

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

Mr. Speaker: The right hon. Leader of the Opposition.

Mr. Diefenbaker: I should like to ask a supplementary question. Would the minister say whether he agrees in general with the statements made by Mr. Kierans; and would he be willing, because of the questions asked on this matter and the interest in the subject, to have the contents of this particular letter printed as an appendix to *Hansard* of today?

Some hon. Members: No.

Mr. Gordon: Mr. Speaker, I would say in answer to that question that I think this whole discussion of the United States proposal is most serious for Canada. I have said that before. I think we should continue to press for complete exemption. I do not know whether I should—

Some hon. Members: Oh, oh.

Mr. Gordon: I was consulting the Secretary of State about this matter—

An hon. Member: As usual.

Mr. Gordon: —because I am somewhat uncertain about the rules that apply in this particular case. There were communications from others, as I have said, last week. I do not know why at this particular time the right hon. Leader of the Opposition would wish to give publicity to Mr. Kierans; but I think the matter has been well publicized and anybody who is really interested in reading the contents of the letter can get a copy of almost any paper of last Saturday and they will see it printed in full.

Hon. Paul Martineau (Pontiac-Temiscamingue): I have a supplementary question, Mr. Speaker. I would like the minister to inform the house whether he has received any assurances that the interdepartmental committee to be set up in Washington as a watchdog will not mean a rationing or licensing of new Canadian borrowings on the United States market.

Mr. Gordon: Mr. Speaker, the United States treasury informed us on Saturday that they were setting up an interdepartmental committee. They emphasized that the committee will be concerned with implementing the arrangement jointly announced on Sunday, July 21 under which a general blanket exemption from the proposed interest equalization tax is to be provided for new Canadian security issues. No limitation to or derogation from that agreement is involved. The new committee would not be involved in considering and approving particular Canadian security issues. Such activity would be incompatible with the general blanket exemption to be provided for new Canadian issues.

I think it is fair to say that we can welcome the proposed interdepartmental committee if it leads to a serious and continuing study of the Canada-United States balance of payments position by several United States departments and agencies concerned. Our case for the proposed blanket exemption, including outstanding securities as well as new issues, is very firmly based on the facts of the special, in fact I might say the unique, position of Canada-United States relationships. It is desirable that these facts should be understood as widely as possible in Washington and elsewhere.

Mr. G. H. Aiken (Parry Sound-Muskoka): Mr. Speaker, a supplementary question to the Minister of Finance. Has the government been advised of a decision of the U.S. government, reported in yesterday's New York *Times*, that no further exemptions will be considered in connection with the securities tax?

Mr. Gordon: As I have just stated, Mr. Speaker, the government was advised on Saturday of the setting up of this interdepartmental committee. At the same time we were advised that it was hoped that the legislation itself would be available for presentation to congress on August 5, at which time we will know exactly what is proposed and be able to assess the position a little more completely than we can without having seen the legislation.

Mr. Martineau: A supplementary question. Does the minister know whether the interdepartmental committee will study the possibility of exempting outstanding securities?

Mr. Gordon: Mr. Speaker, I know that this will be urged as strongly as possible on behalf of Canada.

SALES TAX EXEMPTION ON MATERIALS USED FOR FARM STORAGE

On the orders of the day:

Mr. K. H. More (Regina City): Mr. Speaker, I should like to direct a question to the Minister of Finance. Has he had any representations from farm organizations, and if so is he going to recommend exemption from sales tax of building materials used for the farm storage facilities that will have to be built this fall to handle the millions of bushels of grain that will be left on the farms as the result of the failure of this government's agricultural policy?

Hon. Walter L. Gordon (Minister of Finance): Mr. Speaker, I was rather hoping we would resume the debate on the bill in question very shortly.

REPORTED VIOLATION OF INTEREST CEILING BY CHARTERED BANKS

On the orders of the day:

Mr. H. A. Olson (Medicine Hat): Mr. Speaker, I should like to address a question to the Minister of Justice based on the replies I got from the Solicitor General last Thursday and Friday. Is the minister prepared to undertake an investigation to establish whether there is any substance to the allegations that the chartered banks are in fact circumventing and violating the statutory 6 per cent interest rate limit on loans?

Hon. Lionel Chevrier (Minister of Justice): Mr. Speaker, I do not know that I am prepared to undertake an investigation, but surely the hon. member knows that there is a royal commission on banking which is sitting from one end of the country to the other, and surely representations of the kind he has brought to the attention of the house can be made to that commission. However, I did discuss the matter more particularly with the deputy minister of justice, and I

am informed by him that subsection 2 of section 93 of the Bank Act authorizes a bank to charge for the keeping of an account of a customer where the charge is made by an express agreement between the bank and the customer. Such a charge is usually made in connection with keeping an account established at the time a loan or advance is made by the bank. If the agreement with the customer for the keeping of the account is an "express agreement"—the quoted words are those used in subsection 2 of section 93—a bank is entitled to make the charge agreed to expressly with its customer notwithstanding that interest of up to 6 per cent may also be charged in respect of the loan or advance.

Mr. Olson: A supplementary question, Mr. Speaker. I realize that there is going to be a revision of the Bank Act and that there will be an opportunity for us to review its provisions, but the allegation that has been made is that violation of the present statute has been taking place.

Mr. Chevrier: I have seen the press statement to which my hon. friend refers, and if it is the same one which he has in mind what was said was "Strictly speaking it may be said that we are breaking the Bank Act". But when one looks at subsection 2 of section 93 there is unquestionably a right to make such a charge over and above the 6 per cent referred to in the act.

LABOUR RELATIONS

NORRIS REPORT—INQUIRY AS TO GOVERNMENT ACTION

On the orders of the day:

Hon. Michael Starr (Ontario): Mr. Speaker, I should like to direct a question to the Minister of Labour. In view of the fact that the interdepartmental committee has now had a number of weeks to study the report of the Norris commission, is it possible that the government is willing to act upon these recommendations before this session adjourns?

Mr. Pearson: You are thinking of the Gill committee.

Hon. A. J. MacEachen (Minister of Labour): Mr. Speaker, I am not in a position to give that assurance to my hon. friend.

ACCEPTANCE BY UNIONS OF TEMPORARY GOVERNMENT TRUSTEESHIP

On the orders of the day:

Hon. A. J. MacEachen (Minister of Labour): Mr. Speaker, on Friday last the hon. member for Three Rivers asked me whether I had received assurance from the C.M.U., the national association of marine engineers and the Canadian merchant service guild that they would accept temporary government trusteeship over their unions in accordance with the Norris report recommendations.

I wish to reply to the question as follows. I have received no communication from the Canadian maritime union as to their attitude in this matter. In so far as the national association of marine engineers and the Canadian merchant service guild are concerned, both these unions have expressed their willingness to have their unions under temporary government trusteeship.

TRADE

CANADA-U.S.—STATEMENT BY AGRICULTURE MINISTER

On the orders of the day:

Hon. Marcel Lambert (Edmonton West): Mr. Speaker, I should like to direct a question to the Prime Minister. Is the Prime Minister aware of the contents of the speech delivered by the Minister of Agriculture at Waterton Lake over the week end, and would he indicate to the house whether he considers the views expressed by the Minister of Agriculture on the nature of prospective trade relations between Canada and the United States to represent present government policy?

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, I have not had the pleasure of reading that speech yet.

RAPESEED—REQUEST FOR AID IN SALE TO JAPAN

On the orders of the day:

Mr. Reynold Rapp (Humboldt-Melfort-Tisdale): I have a question for the Minister of Trade and Commerce. Perhaps in his absence the parliamentary secretary would take it as notice.

Some time ago the hon. gentleman told the house he would ask the Canadian trade commissioners to look into the matter of sales of rapeseed to Japan and other Asian countries. May I ask him if he has done this and, if so, what are the details concerning such sales? This refers to a previous question which I addressed to the minister.

Mr. Jean-Luc Pepin (Parliamentary Secretary to Minister of Trade and Commerce): I shall be glad to take the question as notice.

NATIONAL DEFENCE

NUCLEAR WEAPONS—INQUIRY AS TO ACQUISITION BY CANADA

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, may I ask a question

of the Prime Minister, a question which I ask full of hope. Was the report correct which we heard on the C.B.C. news at eight o'clock this morning, that the signing of an agreement between Canada and the United States for the acquisition by Canada of nuclear arms has been delayed indefinitely; and is this related to the signing of the three power test ban agreement?

Right Hon. L. B. Pearson (Prime Minister): No, Mr. Speaker, that report in the terms in which it has been put forward by my hon. friend is not accurate, in that negotiations are still proceeding.

Mr. Knowles: A supplementary question, Mr. Speaker. Does the Prime Minister mean that negotiations to sign an agreement are proceeding or the negotiations to delay signing the agreement are proceeding?

Mr. Pearson: Negotiations, Mr. Speaker, to sign an agreement.

INTRUCTIONS TO ARMY PERSONNEL RESPECTING EVIDENCE IN MURDER TRIAL

On the orders of the day:

Mr. David Orlikow (Winnipeg North): Mr. Speaker, I should like to direct a question to the Minister of National Defence. Can the minister give the reasons for the department instructing army personnel not to reveal information in their possession to a court hearing a charge of murder against an army sergeant? What type of information could possibly be classified—

Some hon. Members: Order.

Mr. Speaker: Order. This question, if it is in order at all, obviously should be put on the order paper.

Mr. Orlikow: Mr. Speaker, I understand that this case is now before the court, and I think the matter is important.

Some hon. Members: Oh, oh.

AGRICULTURE

COMMITTEE TO CONSIDER WESTERN VETERINARY COLLEGE

On the orders of the day:

Mr. H. A. Olson (Medicine Hat): Mr. Speaker, I should like to address a question to the Minister of Agriculture. Is he now prepared, or when will he be prepared, to name the committee to select a site for, and to consider other matters with respect to, a veterinary college in western Canada?

Hon. Harry W. Hays (Minister of Agriculture): Mr. Speaker, the committee to make recommendations on the site of the western veterinary college consists of the deans of the four western agricultural colleges and Dr. J. S. Henderson of the Ontario veterinary college. The committee is expected to start its work in about a week or ten days.

PUBLIC WORKS

PURCHASE OUTSIDE CANADA OF STEEL FOR WHARF REPAIRS

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 Public Works. Is it permissible for a contractor to buy steel necessary for government dock building or repairs outside Canada?

Mr. Speaker: Order. This question is obviously one for the order paper.

EXTERNAL AFFAIRS

YUGOSLAVIA—INQUIRY AS TO CANADIAN ASSISTANCE FOLLOWING EARTHQUAKE

On the orders of the day:

Mr. O. W. Weichel (Waterloo North): Mr. Speaker, I should like to direct a question to the Prime Minister with regard to the terrible catastrophe experienced in the Macedonian city of Skoplje, Yugoslavia. I understand that a telegram has been sent to this country expressing the sympathy of all Canadians. Has the government given any consideration to financial assistance or other help needed in this area?

Right Hon. L. B. Pearson (Prime Minister): Yes, Mr. Speaker, a telegram has been sent and the government has also agreed to send financial assistance to the victims of this horrible tragedy.

FEDERAL CONTRIBUTION TO UNIVERSITY SERVICE OVERSEAS WORK

On the orders of the day:

Mr. Arnold Webster (Vancouver-Kingsway): I wish to direct a question to the Secretary of State for External Affairs. In view of the fact that a financial campaign is at present being conducted to collect $185,000 to meet the needs of young graduates recruited by the Canadian university service overseas for work in underdeveloped areas of the world, does the hon. gentleman not think this appeal is worthy of at least a token contribution from the federal government?

Hon. Paul Martin (Secretary of State for External Affairs): I agree that this project which has been formulated by voluntary action is a very worthy one. There are other similar projects in the country in addition to that commendable project undertaken by

the Canadian university students organization. These matters are under review and are being looked at sympathetically by this government.

REPORTED REPLACEMENT FOR HIGH COMMISSIONER IN LONDON

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. Is there any truth in the news item that Mr. Donald Gordon, president of Canadian National Railways, will soon replace Hon. George Drew as Canadian high commissioner to Great Britain?

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, the news item was the first I had heard of this matter.

INDUSTRY

REPORTED INCREASE IN PRICE OF GASOLINE

On the orders of the day:

Mr. Lloyd R. Crouse (Queens-Lunenburg): Mr. Speaker, I should like to direct a question to the Minister of Finance. What action, if any, does the minister propose to take with regard to the announced increase of four tenths of a cent on gasoline, as announced today by the major oil companies as a result of changes in his budget?

Hon. Walter L. Gordon (Minister of Finance): Mr. Speaker, there is no price control in Canada. I was interested in this announcement, particularly as some of the companies in question seem to be doing reasonably well.

TRENTON, N.S.—REQUEST FOR ORDER FOR RAILWAY CARS

On the orders of the day:

Mr. H. Russell MacEwan (Pictou): I wonder if the Minister of Transport is in a position to answer the question I asked him the other day respecting C.N.R. rolling stock orders for the Eastern Car Company at Trenton, Nova Scotia.

Hon. G. J. McIlraith (Minister of Transport): The question was, as I recall it, whether the C.N.R. proposes to place an order for rolling stock with the Eastern Car Company. The answer is that the C.N.R. has no orders in prospect in the immediately foreseeable future for this Trenton company.

HOUSING

REGULATIONS RESPECTING BONUS ON WINTER CONSTRUCTION

On the orders of the day:

Mr. R. N. Thompson (Red Deer): Mr Speaker, I address my question to the Minister of Finance. In view of the general concern and confusion existing throughout the country regarding how the government intends to handle this $500 allowance for winter home construction, when does the minister propose to clarify the picture not only for this house but also for the construction industry?

Hon. Walter L. Gordon (Minister of Finance): Mr. Speaker, I am sure my colleague the Minister of Labour will agree with me when I say "at the earliest possible moment".

(Translation):

ARTS, LETTERS AND SCIENCE

ROYAL COMMISSION—INQUIRY AS TO APPOINTMENT OF SECRETARIES

On the orders of the day:

Mr. L. J. Pigeon (Joliette-L'Assomption-Montcalm): Mr. Speaker, I wish to direct a question to the Prime Minister. Is it his intention to announce before long to the house the appointment of the two secretaries to the royal commission on biculturalism?

(Text):

Right Hon. L. B. Pearson (Prime Minister): Yes, Mr. Speaker, I hope that can be done very shortly.

ROYAL COMMISSION—REQUEST FOR APPOINTEE FROM BRITISH COLUMBIA

On the orders of the day:

Mr. Barry Mather (New Westminster): I have a question I wish to direct to the Prime Minister. Last week the right hon. gentleman said in response to a question that he had no objection to considering whether it would be feasible to appoint some person from British Columbia to the "B and B commission", the commission on biculturalism and bilingualism. I wonder if the Prime Minister has taken a second look at this and come to a decision.

Right Hon. L. B. Pearson (Prime Minister): No, Mr. Speaker; no decision has been reached as a result of that second look.

CANADIAN NATIONAL RAILWAYS

ST. JOHN'S, NFLD.—REPORTED LAY-OFF OF DOCKYARD WORKERS

On the orders of the day:

Right Hon. J. G. Diefenbaker (Leader of the Opposition): Mr. Speaker, I want to direct my question to the Minister of Transport. I have just received this telegram; therefore I did not have an opportunity of prior communication with him. The telegram comes from six railway unions at the St. John's dockyard in Newfoundland. There 200 job opportunities have

been reduced to 130 by two lay-offs, and a further lay-off is expected. The average length of time that the employees concerned have been in the service of the Canadian National Railways is about 15 years. Is there something that can be done in this connection to provide either for their continuing or for their alternative employment?

Hon. G. J. McIlraith (Minister of Transport): Mr. Speaker, I have not received the telegram in question, but this is a matter having to do with the internal management of the Canadian National Railways and I question the propriety of having the matter dealt with by asking a question of the Minister of Transport. I base that statement on the precedents of the former government. However, I will look at the matter and see what is the situation.

Mr. Diefenbaker: Mr. Speaker, with respect to the reference of the hon. gentleman to the former government, the propriety of the attitude taken by the government was challenged by the hon. gentleman over and over again.

POWER

COLUMBIA RIVER—VISIT TO B.C. BY EXTERNAL AFFAIRS MINISTER

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 of great importance to this house, though it is one which has local application. My question is based on telegrams I have received from the Columbia conservation federation and follows wide publicity concerning trips which the minister, the hon. member for Kootenay East and various senior officials apparently intend to make to the area. I should like to ask the minister this question because I have to send a telegram immediately after I have received his reply.

Is it the minister's intention to visit the Kootenays in the near future? If so, would he inform the house of the purpose of his visit, the places he intends to visit, and whether he is prepared to meet delegations at those points?

Hon. Paul Martin (Secretary of State for External Affairs): Some time ago I did accept an invitation from the province from which the hon. member comes, and I thought while there I might take advantage of the opportunity to examine, with certain officials, some of the existing installations and some of the proposed construction areas in the Columbia river basin. As the hon. member knows the treaty, if and when it is before this house as a result of the conclusion of successful negotiations yet to be determined, would be submitted for examination by a committee of this house and it is, of course, the prerogative of such a committee to decide how to conduct its examinations. I am sure, however, that in accordance with our practice the committee will give all who wish to make representations, one way or another, an opportunity to be heard.

(Translation):

SOCIAL SECURITY

INQUIRY AS TO IMPLEMENTATION OF CLARK REPORT

On the orders of the day:

Mr. Henri Latulippe (Compton-Frontenac): Mr. Speaker, I wish to direct a question to the Minister of National Health and Welfare. Could she inform us whether this government has maintained or carried out some of the recommendations contained in the report on social security prepared by Professor Robert Clark in 1959, a report which was prepared at the request of the previous government; and if so, to what extent were they carried out?

(Text):

Miss Judy V. LaMarsh (Minister of National Health and Welfare): I am afraid I do not understand the hon. gentleman's question. It is my recollection that no recommendations were asked from Dr. Clark and none were made. However, if the hon. gentleman wishes further information I would be pleased to give it to him directly, or he could put a question on the order paper.

(Translation):

NORTHERN AFFAIRS

QUEBEC—ADMINISTRATION OF ESKIMO AFFAIRS

On the orders of the day:

Mr. L. J. Pigeon (Joliette-L'Assomption-Montcalm): Mr. Speaker, I should like to put a question to the Minister of Northern Affairs and National Resources. Does he intend to meet the Quebec authorities as early as possible in order to transfer to them questions relating to the New Quebec Eskimos, in view of Mr. Levesque's contention that the federal government is putting off on purpose a new meeting between the federal and the provincial authorities?

(Text):

Hon. Arthur Laing (Minister of Northern Affairs and National Resources): My attention has been drawn to the press report to which the hon. member makes reference. I thank him for having given me prior notice. I am unable to find any basis for the report as it exists. There have been discussions with Mr. Levesque and with other members of the

Quebec government, but at no time could any of those discussions be dignified by calling them negotiations with respect to this matter.

My colleague the Minister of Citizenship and Immigration was in touch with Mr. Levesque only about ten days ago to discuss other material which should be considered by the federal and provincial ministers at their next meeting, and it was agreed amicably at that time that a further meeting date would be agreed upon after consultation.

I am at a loss also to understand the press statement which implies that the federal government has been involved in northern Quebec with matters other than Eskimo affairs. As far as my department is concerned, we are involved in northern Quebec only with Eskimos, for whom the federal government is responsible under the constitution. The buildings in that region have all been built for Eskimo use or for the use of government personnel who are providing services to the Eskimo people.

We are at all times ready to co-operate with the government of Quebec, which is commendably anxious to provide normal provincial services in this part of the province. To this end we have, where possible, made accommodation available at cost to the Quebec government, and my departmental staff in that area has instructions to co-operate with provincial personnel in every possible way.

Mr. Pigeon: A supplementary question, Mr. Speaker. When does the minister expect to have another meeting of the federal and provincial officials?

Mr. Laing: Mr. Speaker, I had a discussion on the telephone with Mr. Levesque some three days before he went away on his holidays. That was a week ago last Wednesday, and I do not know whether he has returned yet.

CANADIAN BROADCASTING CORPORATION

ST. JOHN'S, NEWFOUNDLAND—CONSTRUCTION OF TELEVISION STATION

On the orders of the day:

Mr. D. M. Fisher (Port Arthur): Mr. Speaker, I should like to ask the Prime Minister a question based on a communication bearing 22,000 signatures from the St. John's citizens committee supporting a second television station in Newfoundland. Would the Prime Minister give the house and so the citizens of Newfoundland an answer with regard to the delay by the C.B.C. in proceeding with this projected station, whose establishment was approved by the board of broadcast governors?

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, I will be glad to look into the matter and take it up with the Secretary of State who is the minister responsible for taking it up with the Canadian Broadcasting Corporation.

Mr. Fisher: Is the Prime Minister cognizant of the fact that the reason I was asked to put the question to the Prime Minister was that this particular committee feels that the Secretary of State has a conflict of interest in this matter?

BUSINESS OF THE HOUSE

CONSIDERATION OF LEGISLATION RESPECTING NEW AGRICULTURE MINISTER

On the orders of the day:

Mr. Gilles Gregoire (Lapointe): Mr. Speaker, I should like to address a question to the Prime Minister. When does he intend to present to members of the house item No. 10 under government orders, having to do with a new minister of agriculture for eastern Canada?

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, in answering this question may I express to the hon. member our great pleasure at seeing him back in the house and I hope in good health. We hope to deal with item No. 10 on the order paper as soon as possible, but that will require action in regard to certain other items which at the moment have priority.

Mr. G. L. Chatterton (Esquimalt-Saanich): A supplementary question, Mr. Speaker, arising out of an article in the July issue of *Country Life* in British Columbia. Would the Prime Minister consult with the farm organizations of British Columbia to get their opinions before this measure is brought before the house again?

Mr. Pearson: Mr. Speaker, the government will be glad to hear from all organizations which are concerned with this matter. We have already heard from a good many of them.

HEALTH AND WELFARE

RADIOACTIVE FALL-OUT—RECOMMENDATIONS OF VOICE OF WOMEN

On the orders of the day:

Mr. Colin Cameron (Nanaimo-Cowichan-The Islands): Mr. Speaker, I have a question for the Minister of National Health and Welfare. Has she had time yet to read the brief presented to her last week on behalf of the Voice of Women by Dr. Ursula

Franklin, which points out serious shortcomings in her department's monitoring system? If so, is she taking any steps to take account of these criticisms?

Hon. Judy V. LaMarsh (Minister of National Health and Welfare): No, Mr. Speaker.

Mr. Cameron (Nanaimo-Cowichan-The Islands): A supplementary question, Mr. Speaker. Has the hon. lady considered, in view of the successful negotiations with the provinces on other matters, approaching the provinces to take the positive action that is recommended by these very reputable scientists of using the now perfected method of removing strontium-90 from milk?

Miss LaMarsh: As I informed my hon. friend, I have not yet read the brief, so I could not have taken action with respect to this recommendation.

[Later:]

Mr. Cameron (Nanaimo-Cowichan-The Islands): I have a question for the parliamentary secretary to the Minister of National Health and Welfare. Has the parliamentary secretary read the brief to which I referred, and mentioned to his minister the well documented criticism of the government's monitory plan?

Hon. J. W. Pickersgill (Secretary of State): I rise on a point of order in respect of this question. The Minister of National Health and Welfare is in the house. This is a period devoted to inquiries of the ministry, and I submit the question is out of order.

Mr. Stanley Knowles (Winnipeg North Centre): There is a well established rule of the house that it is in order to ask questions of private members if they are about matters about which they could be expected to have knowledge. I submit that the hon. member for Parkdale could be expected to have knowledge about this matter and the question, I submit, would be in order.

PENSIONS

INQUIRY AS TO FURTHER CONSIDERATION OF RESOLUTION

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, I wish to direct a question either to the Prime Minister or to the Secretary of State. My question arises out of the statement the Prime Minister made today with regard to the conference over the week end with the premiers of the provinces. Has a decision yet been taken, as was promised by the Secretary of State on July 18, at page 2377 of *Hansard*, and again on July 23, at page 2506 of *Hansard*, on the matter of bringing before parliament again before this session recesses the motion for the introduction of the Canada pension plan so that a decision can be reached on the amendment that is before the house?

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, the government hopes to be able to proceed with this whole matter at the earliest possible date after the resumption of the session this autumn.

Mr. Knowles: A supplementary question, Mr. Speaker. If there is to be this delay in connection with the whole plan, will the government consider bringing in this week a special provision for paying the $10 increase which might be passed without debate?

GRAIN

REQUEST FOR ACTION TO RELIEVE CONGESTION

On the orders of the day:

Mr. E. Nasserden (Rosthern): Mr. Speaker, I should like to direct a question to the Prime Minister in the absence of the Minister of Trade and Commerce. Is the government planning any new legislation to alleviate the serious plight of western growers arising out of the widespread grain congestion problems which have resulted from the failure of the government's sales efforts?

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, the last part of the hon. gentleman's question makes it undesirable for me to answer the first part.

(Translation):

IMMIGRATION

VISA EXEMPTIONS FOR TOURISTS FROM CERTAIN EUROPEAN COUNTRIES

On the orders of the day:

Hon. Guy Favreau (Minister of Citizenship and Immigration): Mr. Speaker, I wish to answer a question asked in my absence by the hon. member for Hamilton West (Mr. Macaluso) on the exemption from visa requirements for non-immigrants coming to Canada as tourists.

I am happy to inform the hon. members that, as from September 15 of this year, the citizens of Italy, Greece, Portugal, Spain and Turkey will be able to enter Canada without a visa for visits of three months or less. Italy, Greece, Portugal, Spain and Turkey are, as well as Canada, members of the Organization for European Economic Cooperation. The Canadian government's decision is consistent with one of the general purposes of that organization, as it promotes easier travelling between citizens of member countries.

This decision represents another step forward in the Canadian long-term program tending to exempt from visas the non-immigrant tourists who are on a short visit in Canada. Experience has shown that this method is very convenient, as it simplifies the admission formalities.

This country thus carries on with its efforts to attract travellers to Canada.

(Text):

SENATE AND HOUSE OF COMMONS ACT

AMENDMENTS RESPECTING SESSIONAL ALLOWANCES, TRAVELLING EXPENSES, PENSIONS, ETC.

Right Hon. L. B. Pearson (Prime Minister) moved that the house go into committee to consider the following resolution:

That it is expedient to introduce a measure to amend the Senate and House of Commons Act

(a) to increase the sessional allowances payable to members of the Senate and House of Commons;

(b) to provide for the payment of an additional allowance to each leader of a party in the House of Commons, other than the Prime Minister and the Leader of the Opposition, that has a recognized membership of twelve or more persons in the House of Commons;

(c) to provide for the payment of an additional allowance to the members occupying the recognized positions of chief government whip and chief opposition whip in the House of Commons;

(d) to provide for the payment to members of the Senate and House of Commons of such actual transportation and travelling expenses and telecommunication expenses as the Senate and House of Commons may order;

(e) to provide for the payment to each minister of the crown, the Leader of the Opposition and the Speakers of the Senate and the House of Commons of a motor vehicle allowance;

(f) to increase the allowances paid to the members of the Senate and the House of Commons for expenses incidental to the discharge of their duties;

and to amend the Members of Parliament Retiring Allowances Act

(g) to increase the amount of contributions to be paid by members into the consolidated revenue fund, to provide for the payment of an allowance to the widows of members of parliament where such members have made or elected to make additional contributions under the act and to make changes in the amount of the retirement allowances payable to members;

(h) to provide for the payment of an annual allowance out of the consolidated revenue fund to persons who have held the office of Prime Minister for four years and to the widows of any such persons;

and to provide further for other related and incidental matters.

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

Mr. Pearson: Mr. Chairman, the resolution on the order paper which I have the honour to move, seconded by the hon. member for Laurier, involves perhaps the most difficult of all tasks which members of parliament have to discharge; because in dealing with this resolution they are, of course, dealing with their own personal interests. But I am confident, Mr. Chairman, that no member of parliament, no single member of parliament, whatever attitude he may take, will approach this task or come to a conclusion in regard to it in any selfish or self-centred way.

This resolution, Mr. Chairman, involves a responsibility which, if action is to be taken at all, cannot be escaped either by the government of the day or by parliament itself, since it cannot be delegated to any other body. If any decision is to be made in these matters covered by this resolution, that decision has to be made here. I indicated, Mr. Chairman, on Thursday last, and I quote from *Hansard*, page 2604:

Subject to further consultation between the house leader and hon. gentlemen opposite with regard to procedure, the government is ready to take the responsibility tomorrow of proposing certain changes in the remuneration and pensions of members of parliament,—

The government is not seeking to avoid its responsibility to recommend and I am quite happy, as it is indeed my duty as leader of the government and speaking on behalf of the government, to put this recommendation before the committee. We do not ask opposition parties to share the responsibility of making the recommendation; that is our responsibility. But we did inform representatives of all parties, representatives who were entitled to speak for those parties, as to what the government intended to propose, through the usual channels of communication between the house leader and representatives of parties opposite.

I am advised by the house leader that he received an assurance that none of the three parties opposite would oppose the measure which is being proposed in this resolution, and it is because of that fact, as well as for other reasons, that this resolution is being moved by me, the leader of the government. While it was indicated that there was not agreement to proceed on Friday last, the house leader did receive an assurance from all parties that there was agreement to proceed today, and that agreement is recorded in *Hansard* for Thursday last at page 2662, as follows:

Mr. Pickersgill: Then, on Monday, I am advised there is general agreement on all sides of the house that if the government will put on the order paper the motion regarding the remuneration and pensions of members of parliament there would be no objection raised to going ahead with all stages except third reading on Monday. The third reading would be held over until the next day.

He went on to say:

If that correctly represents the sense of the house, and it can be so ordered, I will undertake that notice of the resolution will be given tomorrow

evening so that it will appear in *Votes and Proceedings*. That provides the 48 hours' notice required by the rules.

That has been done, Mr. Chairman, and it is on the basis of that decision of the house that the government is proceeding in this matter today.

If this resolution is accepted by the committee then there will be opportunity to deal with the details of the legislation subsequently, and I do not propose to go into these details this afternoon. Indeed, it would not be appropriate in discussing the resolution itself. The resolution is before the committee, and I think it is pretty clear in its terms.

As a result of our views the government has come to the conclusion to proceed to put the matter before parliament. It seems to the government that action on this matter is needed, and that it is needed now.

Perhaps I might be permitted to mention briefly some of the reasons why, in our view, such action is required. It is not primarily because of individual considerations. That is certainly an important consideration and none of us wish to escape from that consideration, but it is because the action we recommend will, in our view, increase the effectiveness of our parliamentary institutions.

In the first place there has been no revision of members' indemnities since 1954, almost ten years ago, despite very marked increases in remuneration in other fields of activity, and despite the fact that the increased cost of living during those 10 years has been recognized in so many fields of activity, and rightly so. Costs, as we all know, have gone up during those 10 years. Not only have the expenses of members as members, and the expenses of members as individuals, increased during that time, but the sessions of parliament have grown steadily longer. Although we hope shortly to set up a committee which will go into the whole question of parliamentary procedure and perhaps reshape our parliamentary institutions to make them more effective, nevertheless it does not seem to me that anything we do in this connection is likely to shorten the length of sessions of parliament in Ottawa to any considerable extent because of the increasing responsibilities of government and the increasing responsibilities of parliament. I myself cannot think that these responsibilities are likely to be diminished in the years ahead.

Therefore we have to face the fact that members of the House of Commons, to all intents and purposes, now have a full time occupation which is very different indeed from the situation which existed not so very many decades ago. This means that practically all members, except those fortunate enough to live in Ottawa or very close to it, have to maintain two residences. There is all that this involves in terms of expense, as well as inconvenience, and indeed some sacrifice that has to be made to maintain two residences for the greater part of the year.

I think it is correct to say, Mr. Chairman, and I mention this with some hesitation because it does involve the personal affairs of members, but it has a bearing on this matter, that in order to discharge their responsibilities in parliament as members would wish to see them discharged, many members, especially new members who have come down here recently, find themselves in debt and they have made, and are making, many financial sacrifices which they should not be asked to make.

There is evidence on all sides, and a lot of it has been given to me in confidence—indeed I have been very much impressed and a little distressed by it—to support that statement that a great many members are making financial sacrifices which they should not be asked to make, quite apart from the additional sacrifices of disruption of family life, difficulties of education and that sort of domestic problem.

There is also a further consideration which perhaps it is appropriate for me to mention, and maybe those who have responsibilities in other parties will be able to confirm this—I know I certainly can confirm it from my own experience—that it is becoming increasingly difficult to attract or to secure candidates because of the direct financial loss involved, especially for young candidates and young members with young and growing families. There is this financial difficulty, and it is compounded by the difficulty of making provision for old age and other hazards.

Surely it is important to make sure that parliament does not lose its truly representative character because a financial barrier is added to other difficulties in devoting the time and energy which is required to public service. It seems to me if we do not discharge our responsibilities along the lines of this resolution at this time, we may soon find it will be impossible for some citizens in this country to make the financial sacrifices which they would like to be able to make, and which are involved in standing as a candidate for the House of Commons and acting as a member of the House of Commons. In that case, if it does reach that point, then the broadly representative character of the house will be changed, and we will find it becoming increasingly representative of those who can afford to make these sacrifices and those who perhaps are a little older, who

have retired from business and are in a position to accept the responsibilities and sacrifices involved.

It seems to me quite clear that no one is likely to become rich, or even to save money, out of the proposed remuneration if he or she discharges responsibilities to the people that he or she represents, as they should be discharged, and as members of the house do their best to discharge in present conditions. I think it will certainly be agreed there is a real need in these difficult days in our democratic and parliamentary institutions, when their effectiveness and representative character are questioned on so many sides, to attract men and women of ability to parliament and public life. I hope the resolution which I have the honour to move this afternoon will help in that regard and will make it possible for these men and women to accept and discharge the tremendous responsibilities placed upon members of parliament today.

Then, Mr. Chairman, there is the question of pension arrangements, which will be dealt with in the bill which will follow this resolution if the resolution is acceptable to the house. These pension provisions would be consequential upon the scale of remuneration, with one change, and I think it must surely be a change that will commend itself to us all, especially in the light of experience in the past. There will be provision made for widows of members of parliament. The lack of any such provision in the past has, I know, been a continuing source of anxiety to members for a good many years. Some of us have had personal experience of that anxiety and, indeed, of the suffering that can be caused and has been caused on one or two occasions in recent years by the fact that members' widows have been left almost destitute.

This resolution is in my name but the bill itself is in the name of the Secretary of State, who was delegated by the cabinet to work with officials in preparing the measure and who is available to the committee and the house to explain the details at the appropriate time.

Mr. Chairman, I recommend this resolution to the house. I think it would be false economy not to take action at this time which will enable members of parliament to discharge their increasingly onerous responsibilities without the financial worry that so many of them now have. In that way we will be making the House of Commons more effective, and in making the House of Commons more effective we will be making it possible for ourselves as members of the House of Commons to do more, and to do it more effectively for the people of Canada.

Mr. Diefenbaker: Mr. Chairman, while ordinarily it is not expected that the terms of a bill will be revealed at this stage, I think it would have been most helpful and beneficial had the house been given an indication of the terms of a bill such as this, especially as to the amounts the government had in mind both for the indemnity and the pension.

I begin by saying that I am in agreement with the Prime Minister when he says the responsibility must rest upon the government. That responsibility is theirs. On the other hand the matter is one that, being concerned with personal interest, denies consideration being given on a partisan basis. In other words, each and every member should be in the position of determining for himself or herself the attitude to be taken on this matter.

I intend to review something of what took place in the past in this connection; the attitude taken by Liberal leaders in previous years in this regard and the course followed by them and by a Conservative prime minister, Sir Robert Borden, in 1920 when a similar type of legislation was before the house. I agree with the Prime Minister that legislating to one's own benefit is something that must be subject to the conscientious viewpoint of each and every member. It cannot be decided on the basis of party considerations or party purposes. That has always been my conviction in this regard. All through my political life I have endeavoured to act in accordance with my convictions, even though following that course has not always been politically remunerative.

I say at once that in the past the consultation between the opposition and the government and between members of the various groups was always as between the leaders. I also say immediately that the course followed this time was not similar to the course followed in 1954. Then the prime minister, Mr. St. Laurent, having had decided in cabinet the stand to be taken by the government, advised the leader of the opposition as well as the leaders of the other two parties.

As to any agreement entered into, may I say at once that I accept what the Prime Minister says, that it was agreed that this matter would be raised today and that we in the opposition would accept the discussion of this matter today. Beyond that there was no agreement whatsoever, nor was there consultation between the Prime Minister and the Leader of the Opposition. When this matter was called on Thursday I felt it would be injudicious for the members of this house by agreement to set aside the rules

so that it could be raised on Friday. Then the regular course was followed of giving 48 hours' notice, and those are the circumstances under which this matter is now before the house.

I agree with the Prime Minister when he speaks of the need of assuring that the membership of this house shall be representative of all parts of our country and, as far as possible, of all the various segments of our people; and that poverty should not be a detriment to membership in the house. To say otherwise would be to make wealth a passport to public service. I also recognize that a number of younger members find themselves in a difficult position in dividing their home life, having now to live in Ottawa for a period of months whereas in former years that was not the case. Today is the 52nd day of the session. In 1920 the then prime minister stated that the length of a session could be measured at 50 days.

That participation in public life is a sacrifice is a truism. My father, who was a teacher, impressed upon the students he taught the need for participation in public service. Indeed, long since gone, I think of him in that little school house in East York where there were 28 students, pupils in all grades. Out of that number of 28 came four members of the House of Commons. We sat here in 1940; Joe Harris, Robert McGregor, George Tustin and myself. That was the atmosphere in which I was raised; the atmosphere of the public service which it was necessary for men and women with the necessary qualifications to give in the interests of others.

All of us have known occasions when we could have left public life and been better off financially than we are today. I had that opportunity in large measure in 1942, when had I left public life and entered one of the great law firms of this country I would not be in the same financial position today. But I wanted to be in public life; you do not try five times before you succeed, Mr. Chairman, without having the desire. As I look back over the years I can say that whatever the vicissitudes of public life, however great the difficulties of being elected, if I had my life to live over again, with on the one hand all the remuneration which might have been available and on the other hand the life I have lived in public service, I would have no reason to change the ambition that was mine to become a member of the House of Commons.

I think that would be so with all of us. We have all talked about the sacrifices. None of us is conscripted to serve, but there is something about public life which keeps us participating therein even though recognizing those difficulties that are inherent in its participation. Until very recently there was the added fear expressed by the Prime Minister that should one pass on his widow would be left in an impossible financial position. As far as the pension plan is concerned, I do not know what are its terms but that portion of it is certainly something which is overdue.

The Prime Minister said in effect that parliament must not become a place for only those financially able to become its members, either by the beneficence of heredity or by the practice of one's vocation. Over the week end, Mr. Chairman, I read the biography—one of the most interesting biographies written—of the Earl of Rosebery. In the United Kingdom they had a different view, even in the late nineties. The author said this at one point:

> Financial independence can be the most invaluable asset for a public man, and Aristotle's philosophy that statesmen should not have to bother about bread and butter matters so that they can devote all their energies to affairs of state is often quoted as a counsel of perfection.

The Earl of Rosebery was one of the wealthiest, if not the wealthiest, of all the British prime ministers. The author then views the matter from another side and mentions:

> The other temptations of wealth particularly indolence or the cultivation of diverse interests which sap personal ambition, for, and even interest in, public life do not require emphasis—

But, Mr. Chairman, that view is changing. If you went across the United States today you would almost conclude, not only in the highest positions in the federal system but also in the governorships, that massive wealth is no longer a detriment in securing the franchises of the people. However, Rosebery had an income of £500,000 a year, and the author concludes that with it and having ambition he was able to do many things in the field of public service which would otherwise have been denied him.

In the United Kingdom, of course, without the payment of any indemnity at that time there was greatness in the House of Commons. Their position is different from ours. There for generations there has been the aristocracy of public service from father to son, men dedicated to serving the public weal. It is only comparatively recently that any indemnity was paid. Indeed, I believe even today there is no indemnity paid to the members of the House of Lords.

In Canada there has been a development of continually rising rates of indemnity from the time of confederation. That is understandable. The Prime Minister mentioned the ever decreasing value of money and purchasing power, and as well the ever increasing responsibility of members of parliament. It is

interesting to go back to 1867. The indemnity then was $600. That did not prevent the House of Commons of that day from having among its members the Macdonalds, the Browns, the Cartiers and all the other greats of that generation. In 1873 it was raised to $1,000, in 1901 to $1,500, in 1906 to $2,500, and in 1920 to $4,000. In 1945 an extra $2,000 expense allowance was paid, and then in 1954 the indemnity was raised to $8,000 plus $2,000 expense allowance.

As I go back over the years I find that almost the identical words spoken by the Prime Minister today were spoken by prime ministers of other days. I am not going over the debate on June 29, 1920.

Among those who spoke on that occasion was Mr. Mackenzie King, then leader of the opposition, and he said:

> I think the indemnity should be sufficient to enable members who come to this parliament to give all their time that may be necessary to public business.

He also said this—that unless the indemnity question was before the people during an election campaign it should not be brought into effect; it should not become effective until after an election. And he said this, too, as reported at page 4433:

> I think this is a matter which should not be regarded as a party matter.

Again, I repeat what I said. I think this is something which each and every one should determine for himself or herself. Then, Mr. Mackenzie King went on:

> My position, in a word, is this: I think the indemnities should be increased, and that the salaries of the ministers and of the leader of the government and the allowance to the Leader of the Opposition should be increased. I express myself more freely in this because what I say in regard to the salaries of the ministers, I wish to apply equally to the salary of the Leader of the Opposition. I think that while these increases are justifiable on the merits of the case, they should not take effect during this parliament but should come into effect after a general election, when the country has had an opportunity to return to parliament members in whom it has confidence under the new legislation as passed.

There was disagreement at that time. That view was not shared by Mr. Lapointe. Mr. Lapointe's contention was that it should come into effect immediately—a further indication of the suggestion I am placing before hon. members in a matter such as this, namely, that this is no party issue and that it is a question for the individual. It is also of interest that during the course of that discussion Mr. Lemieux, afterwards a distinguished Speaker of the house, made a statement that with the increase in indemnity to $4,000 there would never be any difficulty in the future with regard to election expenses. He said this was "settled once and for all." Well, expenses seem to have gone up too, with the increase in the cost of living in the intervening years, as can be seen if we examine the terms that are shown.

I underline what the Prime Minister said, that something must be done on behalf of parliament and its members. I do not know what the suggested amount is. All I know is what I read in the newspapers, but I say that if it is $18,000 after the increase there will be widespread questioning across this country and that that is an amount which will be found difficult of justification at this time.

Some hon. Members: Oh.

Mr. Diefenbaker: As I say, I do not know. But I was myself sympathetic in the last parliament to action being taken. I frankly told my colleagues that something would have to be done on behalf of private members. My own idea was that we would bring that in just before the election. But as it turned out, we did not have very much latitude in determining when that election would be held. I agree with the Prime Minister when he says there is a continual need to rejuvenate the house, to bring in new ideas, as young men and women do.

I do not intend to refer to any of the other provisions because at the moment they are still in general form. I will mention one, however, which has to do with former prime ministers. I do not expect this is going to apply to me, because I have other hopes. The fact that it is to apply to prime ministers who have held their position for four years seems to indicate that the present Prime Minister believes that with the support of other parts of the house he will be in office for that length of time.

I am interested in this proposal for the payment of leaders of parties other than the official parties. Both of those hon. gentlemen are estimable. Both of them are a credit to the House of Commons. But I would point out one fact: Under our parliamentary system this would indeed be a divergence from the whole concept of parliamentary government in the British tradition. Our system recognizes only the government and the opposition party which has the largest number of members. It is interesting to go back and find out how the opposition came by its name, and it is very pertinent today. The title "Her Majesty's Loyal Opposition" goes back to the year 1826, when Mr. Hobhouse, one of the greatest parliamentarians of his time, afterwards Lord Broughton, while engaging in an attack on Mr. Canning used these words:

It is said to be hard on His Majesty's ministers to raise objections of this character but it is more hard on His Majesty's opposition to compel them to take this course.

Canning referred to the use of this expression and stated in his reply:

My right honourable friend could not have invented a better phrase to designate us than that which he adopted. That we are certainly to all intents and purposes a branch of His Majesty's government its proceedings for some time past have proven. Although with the gentlemen opposite in office, we are in power, the measures are ours but the emoluments are theirs.

That was in 1826, and that has been the designation since. If a means can be reached whereby these two gentlemen could be helped to provide those services which are necessary for them I would say nothing to the contrary. But if, as a result of this action, the entire background of our British parliamentary development which contemplates a government that governs and an opposition, composed of the largest group, which opposes, were to be set aside, then I merely point out that the government may well be introducing a multiplication and proliferation of parties in the years ahead and that our system does not work as effectively as it would if we had two-party government.

I say this with the greatest respect to those in third parties because I know very well that, had there not been a third party in the 'twenties the old age pensions legislation would never have gone through. But Mr. King needed two or three votes and Mr. Woodsworth and Mr. Heaps provided those votes in return for action. When I make this statement I am not in any way being critical of them or of their ability and capacity. I am simply pointing out that this will be a step toward a multiplication of parties within our political system. It is a step which some may feel would be a worthy one. My reading of history and my experience do not place me among those who are its proponents. I realize too that if this legislation were delayed until after the next election, I guess we would not get it through at all because there are members in some of the parties who would not feel constrained to support the government until such time as another election took place.

The Prime Minister (Mr. Pearson) has stated that this is a responsibility we cannot put off on others. The provision as to ex-prime ministers is one that causes me concern, whatever the future may bring, in that by casting my vote for it I would actually be placing myself in the position of voting for my own benefit, provided I were to qualify, as I hope I never do. That is the position with many members of the house.

When the matter came before the house in 1954 Mr. St. Laurent made a speech that in many particulars has its facsimile in the speech delivered today by the Prime Minister and in turn they are reproductions of the speeches of Sir Robert Borden, and also Mr. King in his time. When the motion was made to go into committee to consider the resolution Mr. Drew, then leader of the opposition, moved, seconded by myself, that this item be not now considered but that its consideration be postponed so that the subject matter thereof might be referred for inquiry and report to a royal commission to be appointed by the government. Objection was taken to the amendment and when it was ruled out of order Mr. Drew suggested that we should follow the system that is followed in the United Kingdom. True enough, it places a special committee of the House of Commons set up for the purpose in the position of securing evidence and making a recommendation, but when its report comes back to the house it represents the consensus of the views of the special committee. It takes evidence of the need and enters particularly into the question of the amount fixed for the indemnity.

The amendment was ruled out of order. A select committee to conduct an inquiry as in Britain was not considered appropriate. I think it would not have held up consideration of the matter for any length of time at all. I think it would have been very beneficial and educational, if you will, for the people as a whole if a committee of inquiry similar to the select committee set up by the House of Commons at Westminster in March, 1948, had been established. In that case the report of the committee composed of members of the various parties recommended that the salaries of members should be increased to £1,000 a year, of which £500 should be allowed to all members as an expense allowance free of income tax. In other words, they examined the matter and they heard evidence. Their meetings were open and the people had the evidence before them.

I can see a great deal of criticism in connection with the proposal now before us. I asked a question today regarding the $10 increase in old age pensions. The amount of the increase in this proposal compared with that increase is many times greater, but none the less parliament must not only act justly but must also act so that what it does can be interpreted justly.

Mr. Pearson: Would the right hon. gentleman permit a question? I should like to ask him if he is now recommending that this whole matter be postponed for consideration by a select committee?

Mr. Diefenbaker: No. I say at once that has not taken place. That has not taken place, but that has been the system in the United Kingdom. The recommendation there was accompanied by a unanimity of public opinion. This is what we should try to attain, and from the Prime Minister's opening words I took it that his desire was to secure a reasonable degree of public support. There will be time enough later to deal with the discussions that took place in 1954 and also in 1945. I simply say that I know the difficulties. I recognize the problem. Unless some action is taken parliament will suffer. On the other hand, I say that we in parliament as trustees for the people should make the most careful examination of the courses we take to the end that we mobilize public opinion for what we do, however justifiable that action may be.

Indeed, I speak now of the Prime Minister. He occupies the official residence. I followed the course that had been arranged in that connection by Mr. St. Laurent of paying $5,000 a year toward the cost of operating that residence, and at the same time I had to pay income tax on that amount because it was not a deductible expense. I am not complaining about it but simply mentioning it. The other day several members asked that there should be a change in this regard.

I remember the last speech that Mr. King made in parliament in which he endeavoured to give parliament the benefit of his years in public life. He spoke of the overwhelming need to assure that the closing of the door of parliament should not mean the opening of the door to the poorhouse for those in public life. I think it was one of the most impressive and emotional speeches that he ever made. He was describing Laurier house and the terrible difficulty he had in financing it. He said in part:

> There is an impression among a great many people in this country that Laurier house has been maintained by the state. It has been maintained by myself personally out of my own pocket and my own income, and if I have not been able to invite my hon. friend and some members who are about me at the moment and many others as often as I should like to have done and extended as much in the way of hospitality as I should like to have done, that is one of the reasons.

I remember that speech in which he told parliament of all the financial difficulties that are incident to high position in the state. As a matter of fact, I surmise that out of that came the establishment of 24 Sussex street as the official home of the Prime Minister.

There is very little more I can say at this time because the resolution will have to be amplified in detail before the committee will know what is, in effect, being done. I simply place before the committee my own views in this connection. I am as anxious as anyone to maintain a constant influx of youthful ability and new blood. I am also fully aware of the very serious problems faced by a number of members, many young members. It is because of that I believe some action should be taken. However, there are certain portions of the resolution which, when translated into bill form and made clear thereby, will need careful consideration and examination at that time.

I want to say to all members in all parts of the house that the manner in which they received the introductory words of the Prime Minister showed a reserve and self-control that was most admirable. At no time was there anything approaching applause except when he came to the provision for the widows of departed members. This is something upon which there is general agreement. I am not going to say more at this time. I have simply stated that this is a matter for the conscience of each member, to be determined by him in accordance with his conscientious views and desires to insure that this institution will always be a palladium of freedom. It cannot be that, unless it regularly has an infusion of new intellect, new idealism, new forcefulness. All of these things young men and women bring to this chamber. They cannot be induced to make this contribution unless they are at least assured a reasonable opportunity to serve without unnecessary sacrifice.

Mr. Thomas: I rise on a point of personal privilege, Mr. Chairman. The right hon. Leader of the Opposition has expressed on several occasions during the course of his remarks that he thought this subject should be treated on an individual basis rather than a party basis. So far as I am concerned personally, I should like to see that made—

The Chairman: Order; would the hon. member state his question of privilege? In my opinion, there does not appear to be a question of privilege. I am sure each individual member will have an opportunity to express his point of view.

Mr. Thomas: My point of privilege is this; normally, we are working as a party and the leader of each party expresses the stand of that party on any matter. I do not believe in this case, as the right hon. Leader of the Opposition has inferred, this is being done. It seems to me he is leaving each member to follow his own conscience. He is not speaking for the party.

The Chairman: Order; I recognize the hon. member for Red Deer.

Mr. Thompson: It is my intention to speak directly and briefly to the principle and basic intent of this resolution. I will in no way attempt to enter into political debate. In our

opinion, the time has come, if not already overdue, when the remuneration of members of the House of Commons should be increased. It is well known the present cost of living, and the essential expenses of members of parliament, are in most cases more than they receive. An increase is necessary, first of all to enable members of parliament to pay their way. It is essential also in order to attract and to hold the type of people that Canadians need as their representatives in this House of Commons.

I believe it would be wrong to make politics in Canada a money-making proposition and to eliminate entirely the public service motive. On the other hand, if members of parliament are not paid proportionately to their worth and their expected duties and expenses, this chamber will become a collecting point for the well-to-do, for those who have private means. It will not any longer be a representative assembly of the people. While we have not been informed beforehand of all of the details of the legislation which this resolution will introduce, the Social Credit members in caucus have decided that they are in favour of the principle of this measure. After considerable discussion our house leader and our party whip have so informed the government of the discussions which were conducted. As a party, we are prepared to shoulder our share of the political responsibility for this decision. The decision of our party in caucus was not made with complete unanimity, but the decision to which we have come is, I believe, the right one.

Therefore, Mr. Chairman, on behalf of the Social Credit party I lend my support to this resolution.

Mr. Fisher: The members of our party in caucus meeting, after a very thorough discussion and apparently unlike the members of the other two opposition parties, aware of the details as they were forwarded to us through the courtesy of the house leader, have approved this proposal of the government to improve the salaries, expense allowance and pensions of members of parliament and other features of the resolution as indicated, including a pension for former prime ministers. I have difficulty, Mr. Chairman, restraining myself at this time from making remarks of sheer, bitter anger after listening to the Leader of the Opposition. It somehow seemed to me he wanted to draw into this discussion the definition of politics as the conduct of public affairs for private advantage.

I do not see this resolution, the purposes that it intends, and the members of all parties in this parliament as being in a position to need that kind of line drawn for them today. I know it may be presumptuous of me to say that, but I could review all the discussions regarding salary increments over the last three or four years, and I can inform the committee that I had some part in them, as an interlocutor at least, because I first introduced the matter as a private members' grievance about four years ago.

As a consequence I was supported—and I have the letters to show it—by members of all parties, including a great many members of the party represented by the Leader of the Opposition. I happen to know that several times in the ensuing years there were tentative negotiations carried on by private members supporting the government, to try and get something done on this matter. They were always full of optimism but they were not getting anywhere.

When I think of the turnover we have had in membership of the house in the last few elections I realize why so many of these people came and went. Many of them were supporters of the Leader of the Opposition but now they have departed, and many of them departed very bitter over the fact that nothing was done and that there was no co-ordinated or co-operative approach on the part of all parties to do something about members' indemnities.

In the four elections we have had in the past five years there has been a tremendous turnover in membership of the House of Commons. When I got up and spoke in the house in favour of more money for members of parliament, and repeated that several years later in the form of a resolution, I did not get much in the way of obvious support. However I think most hon. members came along to me later and said it was a great idea, but they thought I was a knucklehead and that I was throwing away an opportunity for re-election.

In this connection I would like to point out to those hon. members, who may be apprehensive of the fact that some people will tell them that what we are doing is an unprincipled thing, that in two election campaigns my actions were used against me and I did not have much trouble surviving them. I am not saying this is a pattern for all hon. members of the house, but I want to make it clear that this tremendous fear, that especially seems to be built up amongst older members of the house, that this is a terrible thing with which to face our electors, is much overdrawn and exaggerated.

I think the people of the country to whom we are looking for an interest and support in politics will understand and appreciate that this is not only something to improve the calibre of the House of Commons but it is something which has been necessary for a long, long time.

One of the most apparent consequences after listening to the Leader of the Opposition is to ask the question, why did he not introduce the select committee? Why did he not do something about a select committee to have an open discussion about salaries of members of parliament? I am sure the situation was almost as serious a little over a year ago when my resolution was before the house; but the word went out that there was to be no discussion on it, and after one limp little speech by the mover of the resolution, that was it.

It seems to me that in this, as in so many other matters, you cannot have it both ways in the house. You cannot play it along both lines. Either you are for or against something like this, and I know the majority of the members are not only behind the resolution but behind the measure in general as the details have come out; and this will be proved if it is put to a vote.

One of the things that follows from what I think will be generous and sizeable increases in our emoluments, which will enable us to do a better job, is that we will have to meet a higher standard. I know from my own sizing up of the situation in my constituency, and from talking to members of other parties, that the increments that will be available if this measure is passed will induce a great many people into running for the candidacies for all parties. This will be good. In other words, instead of improving our own chances, in many ways we are hurting them.

If that argument is worth anything, then I think we need to acknowledge we are not the most brilliant assemblage in the world. We know the House of Commons could be much more representative of Canada, and I think most of us will agree that this measure will do something about bringing people with wider backgrounds, wider experience and more knowledge into the political field. So far as we are concerned, that will be all to the good.

The attitude may develop out of the discussion which takes place today that for some months we must face a raging debate, back and forth across the country, on whether members of parliament have been shameful in supporting and putting through such a measure as this. I do not believe for a minute that such a debate will continue if each of us has the courage, as individual members, to go out and face our constituents and let them know why this is done. I appeal as an individual member—not as a member of my own party—to all members of all parties to do this, because I am afraid that it may get to be nasty and difficult if the pattern that was set by the contribution of the Leader of the Opposition should be carried any further.

We in this party support the intention of the resolution. So far as we know them we support the details, although we might have had some quarrel about some of the levels if we had received more consultation. However, we do not propose to put up a great many speakers on the motion. We are all for it, and I think future parliamentarians of the country will be grateful to us for supporting it.

Resolution reported and concurred in.

Mr. Pickersgill thereupon moved for leave to introduce Bill No. C-91, to amend the Senate and House of Commons Act and the Members of Parliament Retiring Allowances Act.

Motion agreed to and bill read the first time.

Mr. Pickersgill moved the second reading of the bill.

Mr. Deputy Speaker: Is it the pleasure of the house to adopt the said motion?

Mr. Churchill: Distribute the bill first.

Mr. Pickersgill: Mr. Speaker, I think we should wait until the bill is distributed before it is adopted.

Mr. Deputy Speaker: I understand the bill is now being distributed. Is it the pleasure of the house to adopt the motion?

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, with two minutes to look at a bill containing 14 clauses I am not very well informed as to its details; that is, shall I say, its minor details and those provisions which are particularly related to the pension aspects of the bill. I listened with a great deal of interest to the remarks of the Prime Minister (Mr. Pearson) and the previous speakers and I have given a great deal of thought to this difficult, decuple and delicate question during recent months. As one who has a Victorian appreciation of the value of money, the virtues of simple living and who suffers the pinpricks of a combined Anglican and socialist conscience, I have made several agonizing reappraisals of the situation in recent months. I am speaking now to express my point of view and to be as fair as possible. I wish to give a brief review of the history of sessional indemnities. It has been mentioned in some respects previously, but I have been asked to do this by persons outside the house.

In the first instance I understand that members of parliament received about $600 per annum as a sessional indemnity; later this was raised to $1,000 and then $4,000 for a number of years. Then on December 13, 1945

—I remember the day well, Mr. Speaker—the Right Hon. W. L. Mackenzie King made a motion to provide an allowance of $2,000 for incidental expenses in addition to the $4,000 indemnity. Mr. MacInnis, the then hon. member for Vancouver East, and the member for Kootenay West were, if I remember correctly, the only two who spoke against and voted against this increase. It was a most interesting debate. The prime minister in reply disagreed strongly with our arguments and later ticked me off when replying to what I had said on that occasion. I want to bring to the attention of the house the fact that prior to introducing that resolution the prime minister of the day informed the Canadian people, during the election campaign, of his intention to provide for an expense allowance.

The next increase came as the result of a resolution, introduced by the Right Hon. Louis St. Laurent on January 26, 1954, of which the prime minister of that day had given the electors notice in a radio broadcast in which he said something to the effect that he was going to make the responsibilities of members less burdensome. At this time the sessional indemnity was increased from $4,000 to $8,000, thus making a total of $10,000. The then hon. member for Vancouver East, Mr. MacInnis, opposed the increase and voted against it.

Then we have had the recent efforts of the hon. member for Port Arthur (Mr. Fisher) who on April 28, 1959 urged an increase of the sessional indemnity to $12,000 and an expense allowance of $3,000. I want to say, Mr. Speaker, that I give him credit for his courage in bringing forward what was considered to be a very delicate and risky question under those circumstances. He was supported by the then hon. member for Winnipeg North.

I think that was the end of the support. Then on December 19, 1960 the hon. member for Port Arthur asked a question of the prime minister as to whether a parliamentary pay raise would have to be a package deal which would include a daily roll call. On March 19, 1962 he moved a simple resolution and proposed an increase of the sessional indemnity to $10,000 and an expense allowance of $3,000. He mentioned at that time that this increase would be sufficient to meet his particular needs and problems.

On January 28, 1963 the hon. member for Lapointe (Mr. Gregoire) asked the minister of justice to protect certain members of his group against certain acts of violence that might occur as suggested by a very famous newspaper columnist if there were any attempt to oppose an increase in sessional indemnities. Numerous editorials have been written across Canada on this question, both for and against. I have seen two such editorials recently, one representing the Conservative view, and entitled "A Conservative view", by Mr. Frank McGee, in the *Daily Star* of July 27, 1963, and the other by the hon. member for Port Arthur entitled "Now we'll have to earn our pay"—I agree with him on that point—in the *Telegram* of July 27, 1963.

There are arguments for and against on this question. The arguments in favour of an increase have generally been, I think, that first it makes it possible for any person with limited means to be elected to parliament. I think that is a reasonable and sound argument. A second argument is that it makes it attractive to the well-to-do, almost a bait to the well-to-do, to run for parliament. I do not think that is a sound argument because throughout the years we have had a good number of well-to-do persons who have represented Canadians in this house without, I am quite sure, any regard to the sessional indemnity and things of that sort. A third argument is that it is necessary to ensure the independence of members. I think that is right; I think it is very necessary that members of parliament should receive an indemnity and an allowance that remove any possibility of temptation for a weak man.

Then again, Mr. Speaker, the argument in recent years has been that a great many members in this house actually need an increase in order to meet their living expenses and other costs. I agree with that argument and I think that is generally accepted. I realize myself, although I am one who has given a great deal of thought to this question, it is a difficult thing for members to decide. I have been most reluctant psychologically, you might say, to come to certain conclusions. I know this is a sound reason for increasing the indemnity. Fortunately money is not always attractive either to the rich or poor. Our history is replete with the names of first-class people both rich and poor who have served this country in parliament since confederation. I refer to such men as Sir John A. Macdonald, Sir Wilfrid Laurier, and then the late J. S. Woodsworth, who I remember made a great sacrifice to serve the Canadian people. I have known of him travelling on day coaches day after day, rather than take a sleeper in order to save that additional expense to the C.C.F. club paying his expenses. There have been numerous people willing to make some sacrifice in connection with representing the public. I remember the efforts made by the late John MacNicol with respect to the question of the conservation of Canadian resources. I think he was a man of some substance who between sessions

travelled through western Canada lecturing and doing whatever he could, far beyond the bounds of duty, because of his particular interest in this question.

The arguments against an increase, Mr. Speaker, are usually two, from what I have read and heard. First of all, the members entered into a contract with their electors during the last election to serve on the basis on the present indemnity and allowance. Some newspapers have supported this point of view. Some radio talks have supported the same point of view. Second, on moral grounds, therefore, any increase should only become effective after the next election. I believe an increase is a problem which has been dodged by members for two or three years and should have been dealt with before this.

Now a few words with respect to this bill. I have not read it, although I know the main substance of it. I usually like an opportunity to read a bill carefully before speaking on it in the house, but I trust that as we go through the committee stage we will have the opportunity to ask questions and to find out what we see through a glass darkly at this time.

First of all, let me say that I think it was unfortunate that the Prime Minister (Mr. Pearson) and the leader of the Conservative party did not during the election campaign do as the former Right Hon. Mackenzie King did and as the Right Hon. Louis St. Laurent did, and announce to the Canadian people during the campaign that they believed that members of parliament should have an increase in their indemnities and expense accounts. I think in that respect they failed to inform the people. I am firmly convinced that many members of this house cannot make ends meet on the present indemnity and allowance. I know as a result of discussions that various members, especially the younger members with families who are required to establish two residences and move their children backwards and forwards sometimes between their constituencies and Ottawa, have incurred very serious and in some cases quite large obligations. In fact, I was almost shocked to hear of the way a few members have got into debt as a result of becoming members of parliament and performing their functions as such. I am sure, Mr. Speaker, that there will be quite a number of bank managers in Canada who will give a sigh of relief when this legislation has been adopted by this house.

Some hon. Members: Hear, hear.

Mr. Herridge: I see that strikes a chord in the hearts of some members of the house.

After careful consideration of the question I have come to the conclusion that a total of $15,000 would be an adequate raise; that is to say, $10,000 indemnity and $5,000 expense allowance. I think there are members of all parties who thought that they would be fortunate even to get that amount. I am one who feels that there should always be an element of sacrifice on the part of those who enter any level of public life; otherwise being a member of parliament or a member of the legislature simply becomes a profession and the spirit and the willingness to serve is lost. I believe there is still a place for honour in this dollar-hungry materialistic world, an honour that prompts thousands of Canadians to serve without any thought of remuneration on school boards, hospital boards, irrigation district boards and in many other community organizations. It is very fortunate for us that we have these people who regard it as an honour, a privilege and a duty to serve their districts and their communities.

In my opinion, Mr. Speaker, and I am speaking frankly, this is a very generous increase, more than was expected, as I have said before, by some members of all parties of the house. In my opinion, to justify it we will have to do certain things. First of all, I think we will have to recognize from this point on that being a member of parliament is a full time vocation that presents a particular challenge under the circumstances of today. Second, Mr. Speaker, I believe that it should provide for an attendance regulation which will end the Thursday to Tuesday club, and I hope that the regulations are such that this will result. Third, this increase should make it possible for all members to employ a secretary in their riding during any recess of parliament. Members often require a secretary. Those of us who live in country ridings often have to travel for a week or so at a time, returning home without a secretary, having to pound away at the typewriter for several days, which has been my experience, and then leave on another trip without any opportunity for leisure, recreation and so on. Fourth, I think this generous increase will make it possible for all members of parliament to meet the normal and usual requests for donations to good causes without any financial discomfort. It provides a greater opportunity in that respect. Fifth, it does provide a glorious opportunity for those who do not require more than $15,000 to use the balance in support of worth-while community enterprises. I am sure there are some hon. members of the house quite willing to carry on with what is required here and to use any surplus they have to the advantage of the communities in which they live.

Sixth, I am very glad, Mr. Speaker, that the legislation will provide for a survivors' pension plan. I am sure we all have personal knowledge of widows of members of parliament being left in very difficult and unfortunate circumstances. I am pleased that a pension plan is being placed on a sound actuarial basis and that the means test on members' pensions is being removed. You know, Mr. Speaker, there are only two categories of persons under pension in Canada who are subject to a means test. The first are members of parliament, and the second the recipients of war veterans allowance. I hope and trust the removal of this means test from members' pensions points to a similar consideration being given to the recipients of war veterans allowance; and I see the Prime Minister is taking a great interest in what I have to say on this point.

Regardless of any difference of opinion as to the amount required to meet members' costs, living expenses and allowances, this increase can only be justified, in our opinion, if first we stand up for Canada as a free and independent nation with the right to develop its own foreign and defence policies. We are not a great military power but we can be a great moral force by giving leadership to all those nations who look to us for that leadership in the promotion of world peace through the strengthening of international organizations and responsibilities. Second, we must make certain that parliament provides every Canadian with a standard of living and the basic security to which a free industrious and independent people living in a land of plenty are entitled. Third, we must make certain to conserve our natural resources to the advantage of this and future generations of Canadians, including the surplus waters of the Columbia and the Kootenay rivers, which will be required by the Canadians who live in the Okanagan valley and on the prairies in the years ahead.

In conclusion, Mr. Speaker, I say simply this: If we fail to do this, then by accepting this increase we shall be guilty of accepting money under false pretenses.

(Translation):

Mr. Jean-Louis Frenette (Portneuf): Mr. Speaker, I shall be brief.

I am glad to take part in this debate as I wish to say, on behalf of our group, that we are happy of the offer which is being made to us today. To be honest, I feel it is in order to commend the Liberal party for the courage it has shown under the circumstances.

Mr. Speaker, the whips of the various parties agreed to support this bill when it would be introduced in the house. That is why I would not take kindly to anyone who would rise to speak against this legislation which is of the utmost importance on many points.

Members of the House of Commons should be well paid and, in my opinion, this fact should have been recognized a long time ago. I feel that the main argument in that respect is that more competent men will be attracted to politics and will thus participate in the conduct of the affairs of the country. Then, thanks to the increasing competence of the representatives of the people, we shall be in a position to make of Canada an even greater country, where each and every one will work together towards its development.

It has been pointed out, and it must be admitted, that public men have not always enjoyed the reputation they would have liked. This may be prejudicial to our chosen profession, but all the same, I believe that if members of parliament are well paid, they shall then be able to meet their obligations as heads of families and their duties as public men within society. With a more adequate income, members of parliament will be encouraged to be more honest in the performance of their duties.

It should also be mentioned that a sufficient income will enable many of us to give up the practice of a profession or the operation of a business which takes up a considerable part of their time and compels them to be too often away from the House of Commons.

We hear sometimes comments which are not always favourable to members, Mr. Speaker, especially by visitors attending the sittings of the house and who note with disappointment and dismay how empty is the house when very serious problems are under consideration. Well, I believe that the absence of many members is precisely due to the fact that they have to earn a living as it is impossible for them to meet their obligations on the salary they get as members of parliament. So, Mr. Speaker, I am happy to see that the members' salary will allow them from now on to provide duly for the needs of their families.

As the hon. member who preceded me was saying a moment ago, members of parliament are always requested to donate to various philanthropic institutions. Should there

be some members among us who are opposed to the increase, they could always give that excess money to those philanthropic societies or institutions, or give it to the poor people in their constituency. They would thus acquire many friends who might prove useful during election campaigns.

Mr. Speaker, if fate has it that those who favour the increase in salary should be defeated for that very reason in the next election, they will be able to find some comfort in the thought that their successors will have a decent remuneration and be able to better discharge their duties, as they will be in a position to meet their obligations.

(Text):

Mr. Speaker: Is it the pleasure of the house to adopt the motion?

Mr. Pickersgill: Would you call the yeas and nays, Mr. Speaker.

Mr. Speaker: Is the house ready for the question? All those in favour 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 yeas have it.

And more than five members having risen:

Mr. Speaker: Call in the members.

The house divided on the motion (Mr. Pickersgill) which was agreed to on the following division:

YEAS

Messrs:

Addison
Aiken
Alkenbrack
Armstrong
Asselin (Richmond-Wolfe)
Badanai
Balcer
Baldwin
Barnett
Basford
Batten
Bechard
Beer
Belanger
Bell
Berger
Bigg
Boulanger
Brewin
Brown
Byrne
Cadieux (Terrebonne)
Cameron (High Park)
Cameron (Nanaimo-Cowichan-The Islands)
Cantin
Cardiff
Cardin
Caron
Carter
Cashin
Casselman, Mrs.
Chatterton
Chevrier
Chretien
Churchill
Coates
Cooper
Côté (Chicoutimi)
Côté (Longueuil)
Crossman
Crouse
Cyr
Danforth
Davis
Deachman
Denis
Deschatelets
Doucett
Drury
Dube
Dupuis
Emard
Ethier
Eudes
Fairweather
Fane
Favreau
Fisher
Fleming (Okanagan-Revelstoke)
Flemming (Victoria-Carleton)
Forest
Forgie
Foy
Francis
Frenette
Garland
Gauthier
Gelber
Girouard
Godin
Gordon
Granger
Gray
Gregoire
Groos
Guay
Habel
Haidasz
Hales
Hamilton
Harkness
Harley
Hayes
Hellyer
Honey
Howe (Wellington-Huron)
Irvine
Jewett, Miss
Jorgenson
Kelly
Kennedy
Klein
Knowles
Konantz, Mrs.
Korchinski
Lachance
Laing
LaMarsh, Miss
Lamb
Lambert
Lamontagne
Lamoureux
Laniel
Latulippe
Laverdiere
Leduc
Lessard (Lake St. John)
Lessard (St. Henry)
Lloyd
Loiselle
Loney
Macaluso
Macdonald
MacEachen
MacEwan
Mackasey
MacLean (Queens)
MacNaught
MacRae
McBain
McIlraith
McIntosh
McLean (Charlotte)
McMillan
McNulty
McWilliam
Madill
Martin (Essex East)
Martin (Timmins)
Martineau
Mather
Matheson
Matte
Millar
Mitchell
Monteith
More
Moreau
Morison
Muir (Cape Breton North and Victoria)
Muir (Lisgar)
Mullally
Munro
Nesbitt
Nicholson
Nixon
Noble
Nowlan
Nugent
O'Keefe
Olson
Orlikow
Ouellet
Patterson
Paul
Pearson
Pennell
Pepin
Peters
Pickersgill
Pigeon
Pilon
Plourde
Prittie
Pugh
Regan
Rheaume
Ricard
Richard
Rideout
Rinfret
Roxburgh
Ryan
Sauve
Scott
Simpson
Southam
Starr
Stefanson
Stenson
Stewart
Tardif
Teillet
Temple
Thompson
Tremblay
Tucker
Valade
Vincent
Wahn
Walker
Watson (Assiniboia)
Webb
Webster
Weichel
Whelan
Willoughby
Winch
Winkler
Woolliams—200.

Division

NAYS

Messrs:

Caouette	Horner (The Battlefords)
Clancy	Langlois
Diefenbaker	Nasserden
Dionne	Pascoe
Gundlock	Rapp—10.

Mr. Thomas: Mr. Speaker, I have a long-standing pair with the hon. member for Notre Dame de Grace (Mr. Asselin). Had I voted I would have voted for the motion.

Mr. Speaker: I declare the motion carried.

Bill read the second time and the house went into committee thereon, Mr. Lamoureux in the chair.

The Chairman: 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 7 p.m.

On clause 1.

(Translation):

Mr. Caouette: Mr. Chairman, we notice the following amendment in section 1 of the bill now before the house:

This amendment increases the sessional indemnity of members of the Senate and of the House of Commons from $8,000 to $12,000. The proposed increase is payable from April 8, 1963.

This afternoon, I voted against this raise of the parliamentary indemnity because I stated several times in this house and outside that we are not against the principle of the bill—we are in favour of it—but that we would prefer to begin with to see an increase in the family allowances in Canada, after which we would accept an increase in the members' indemnity.

I am the first to recognize that with an indemnity of $10,000 a year, once the income tax is taken off, when a member has a family to support at home and expenses to pay here in Ottawa, it is important that he should get a reasonable indemnity. But this increase of the parliamentary indemnity could have come after an increase of the family allowances.

A few days ago, they were talking about increasing old age pensions for the year 1964. Now, they are asking today for an increase in the members' indemnity from April 8, 1963. Yet, our older citizens, just as our family heads, in our province and all across Canada also need an increase in their revenue. Everyone has to face the same problem, the lack of money, as the hon. members.

When we tell our electors that we came here to represent them, it does not necessarily mean that we came here to vote ourselves a raise in pay. It should be pointed out that the Liberals remember what they promised, because they promised heaven on earth. However, those same Liberals never told their electors that they were going to increase their sessional allowances.

An hon. Member: Yes, Mr. Caouette.

Mr. Caouette: You told the electors just the opposite.

Mr. Chairman, such was the stand we took, and I feel it is urgent, and important, that the house should adopt, for example, a measure which instead of saying:

The proposed increase is to be made payable from April 8, 1963,

would provide that the proposed increase be made payable from the time family allowances have been increased in Canada.

Let us increase family allowances from April 8, and I shall support this bill 100 per cent.

It is odd that they cannot find the necessary money for the families of our ridings and that, on the other hand, they find enough to raise the members' salaries.

They will find the money required to increase the old age pension only next year, but not this year. Then, they take offence if somebody votes against this measure.

The member for Villeneuve will probably be called a demagogue, as my friend for St. Jean-Iberville-Napierville (Mr. Dupuis) is wont to call him.

An hon. Member: He has not been here since that time.

Mr. Caouette: That is it, he has not been here since that time. Mr. Chairman, there is no question here of being a demagogue or of raising the passions of the people; absolutely not. The point at issue is to appreciate the population's needs. And family allowances are precisely the means by which every single human being can be reached throughout Canada.

Mr. Boulanger: Who gave family allowances in the past?

Mr. Caouette: In reply to my friend from Mercier, (Mr. Boulanger), the Liberal party, in 1945.

However, we had also asked the Liberal party to increase family allowances, and they agreed, in 1953, to increase them by $1 a month—

The Chairman: Order. I apologize to the hon. member for Villeneuve for interrupting him but I feel it is my duty to remind him that the principle on which this bill is based has passed second reading. In consequence, a member is not allowed to start a new debate on the principle which has been agreed to, and the hon. member is well aware of that. Hon. members must restrict themselves to the clause now under consideration.

Mr. Caouette: Thank you, Mr. Chairman, I will keep to the principle of the bill. And I would ask my hon. friends on the government side not to lead me into another field where they might trip themselves.

Well, Mr. Chairman, I will not spend more time on the principle of this bill. I only wanted to explain my point of view and the stand I took this afternoon when the question was put. I had to vote against this bill authorizing an increase in the members' indemnity, not because I do not need the money, because I do as much as any member in this house, but because, in my opinion, we must first look after the families, the old people, the disabled, the veterans; afterwards, we can think about increasing the members' indemnity.

Mr. Gregoire: Mr. Chairman, first I should like to say that I am happy to see here today the hon. member for Villeneuve (Mr. Caouette). I should like also to congratulate him for the courageous stand that he took in the course of this debate. It was according to his conscience and under the democratic rights of the house that he voted against the motion before the second reading of this bill.

Personally, according to my own conscience and under the democratic principles of the house, I supported this bill. This means that, in our party, we respect the freedom of speech, the freedom of thought and that we respect also this democratic freedom.

An hon. Member: The fight is on.

Mr. Gregoire: There is no fight at all. If I ever had any admiration for the hon. member for Villeneuve (Mr. Caouette), it is indeed on this occasion, because I realize the stand he took on that matter and I challenge any member to act with as much sincerity. Those are his ideas and his opinion.

I do not think that the hon. member who just made that remark would have shown the same courage as the member for Villeneuve. Besides, all Liberal members gave the impression that they were subservient and cringing before their leader. Things are different in our party, and that is why I am proud to be a Social Crediter and I am proud of our deputy leader.

The Chairman: I would ask the hon. member to come back to the discussion of this bill.

Mr. Gregoire: I wish to point out that if there was not always a young smart alec of the Liberal party trying to make us drift from the subject—

Mr. Laniel: May I ask a question, Mr. Chairman? Can the hon. member for Lapointe tell us whether the hon. member for Villeneuve has expressed his opinion about the amount? We are not yet on third reading, we are discussing the details of the bill. I understand that the hon. member for Villeneuve, according to what he just said, is personally in favour of $18,000—

The Chairman: Order. The hon. member asked permission to put a question and not to make a speech. I see that he has now finished his comments.

Mr. Gregoire: Mr. Chairman, such is not the matter now under discussion. It would be better for the hon. member to stay quiet and remain seated if he has only questions of that kind to ask. It is inconceivable that such a question should be directed to the hon. member for Villeneuve. The hon. member who asked it does not know him. Otherwise, he would realize that the member for Villeneuve is so broadminded that he would not forgo principles for any amount of money.

I voted in favour of the bill this afternoon but I must tell you this. Previously I asked the advice of my organizer and of my constituents. I am but a private member who represents his riding; it is in that capacity that I went to see my organizers and asked them what they thought of an increase in members' allowances. They told me that I, Gilles Gregoire, member for Lapointe, surely deserved an increase. I cannot assure you that your constituents would tell you the same thing but that is what my constituents said to me. That is why, Mr. Chairman, I felt free to vote in favour of the bill in spite

of what may have been said in the past. It was said this afternoon that it was contrary to British tradition to pay an additional amount to each opposition party leader in the House of Commons—other than the Prime Minister and the Leader of the Opposition—who has at least 12 recognized members in the house. If this is said to be contrary to British tradition, I find it somewhat odd. To my mind, the Leader of the Opposition did not think it over long enough. If some Canadian voters think fit not to support either of the two old parties, it is their democratic right. If some voters decide to send a third and fourth political party with leaders to the house, those leaders will have from then on, added expenses and additional responsibilities. Now, I think that the item included in the bill is fully justified, the more so because this year fortunately we have leaders of a second and third opposition parties, as the leader of the official opposition does not do his job and is lost in old time theories. The leader of the official opposition is very remote from the business of the house; he is lost in obsolete concepts; he is a has-been. Fortunately, we have the leaders of the second and third opposition parties, and I commend this government for having thought fit to grant them an additional amount.

Mr. Chairman, I do not want to linger over section 1, but I want to stress that I voted for the principle of the bill, because considering all the time we members spend in Ottawa now that sessions last most of the year, and the expense caused by our stay in Ottawa—considering also that some federal civil servants' salary is five times as high, for instance the president of the C.N.R. who gets $75,000 a year only to show an annual deficit of $65 million at the end of the year, then, I say that we who are here trying to avoid any deficit, even if we experience great difficulty with the Minister of Finance (Mr. Gordon) should be entitled to higher sessional allowances.

Before voting in favour of the bill, I obtained the assent of my voters and organizers. That is why I thought free to vote in favour of the principle of the bill.

(Text):

The Chairman: Shall clause 1 carry?

Mr. Monteith: Mr. Chairman, I should like to say a word or two on clause 1. I believe completely in the principle of the bill. I think something should be done, but I reserve the right to criticize individual clauses, to discuss individual clauses, to examine them closely, and to ask questions of the minister who is piloting the bill through the house. Some rather irrelevant points have been made tonight by the two previous speakers, but I do not intend to go into them; I am speaking about this particular bill only. The previous speeches in connection with family allowances, and so on, have some merit, and also my leader this afternoon pointed out, although this is somewhat irrelevant, that there was a certain implied promise to the elder citizens of this country. I should like to ask one simple question on clause 1. Why is the bill made retroactive to April 8, 1963?

Mr. Pickersgill: If the hon. gentleman would look back at the debate which took place when the remuneration of members of parliament was last dealt with in 1954, he will see that a change was made at that time from the old system of sessional indemnities, in the course of which on some occasions two indemnities were paid in a single session, a fact which began to raise questions in some minds. I do not want to go into a whole lot of ancient history but it was felt better at that time to base these indemnities on an annual basis and to date the payment of the indemnity from the day of the election. Never yet having been defeated I had not had occasion until recently, to find out whether the new member or the old member was paid for election day, but I was advised by the officials when I was helping to prepare this bill that the defeated member does not get paid for election day; it is the successful one who does.

In order to simplify the measure—this is the same answer as Mr. St. Laurent gave in 1954—it was felt it would be better to take it from the day of the election, which is the date from which the indemnities and expense allowances are claimed. It did not appear to us that this was seriously retroactive since it would apply only to the present parliament. It would also make very much easier the transitional phase of the pensions because a fundamentally new pension scheme is incorporated in this bill, and to have calculated the days between June 1 and August 1 on the old basis and the others on the new basis would have been a complex matter though not necessarily, of course, an impossible one.

Mr. Monteith: Why June? You mean April.

Mr. Pickersgill: I am sorry; I have the months mixed up.

Mr. Nowlan: You were thinking of another June a year ago.

Mr. Pickersgill: That was the 10th. I remember it, as I am sure do most hon. gentlemen opposite.

Mr. Nesbitt: I wonder if the minister can give us some explanation how the figure of $12,000 per annum was arrived at.

Mr. Pickersgill: These things are, of course, to a certain extent, arbitrary. In 1920, the prime minister of that day, Sir Robert Borden, as we have been reminded this afternoon, suggested that the indemnity be increased from $2,500 to $4,000. In 1954, it was increased from $4,000 to $8,000 and it was felt that the sum now proposed would be a reasonably proportionate increase.

If I may go a little beyond this clause, it was felt by the government that a certain amount of the remuneration should be taken in the form of an allowance which is taxable, and a certain amount in the form of a payment in lieu of expenses which we all know we have, and which never enter into the income of our families at all. To arrive at a certain figure there had to be a division between these two. I would be dishonest if I tried to pretend that a lot of careful and mathematical calculation went into this.

Mr. Monteith: Like the Canada pension plan.

Mr. Pickersgill: I do not think the analogy is really accurate. Not so long ago, a good many of us were over there—

Mr. Churchill: You are on your way back, too.

Mr. Pickersgill: Well, I doubt it after today. But I must not allow myself to be diverted by the genial member for Winnipeg South Centre. It seemed reasonable to fix this figure and I feel I could not really add to that, even if I went on talking for a long time.

Clause agreed to.

On clause 2—*Deductions for non-attendance.*

Mr. Thompson: It has been said this afternoon that one of the basic reasons for this increase is because the previous remuneration did not cover the expenditure which had to be incurred by hon. members and still leave a sufficient amount for family expenses. As a result, many members found it necessary to carry on other forms of gainful occupation in order to meet their expenses, and all too often this has resulted in many absences from the house. I would say that this increased remuneration brings with it an increased responsibility to make sure we do spend our time in this House of Commons as those who elected us expect us to do.

I do not like to think in terms of discipline, but I think it would do a measure of good if there could be brought back into the operation of this house some attendance check. Perhaps this could not be done in the bill itself. I do not think such a thing has ever been done before, or that it would be entirely proper to do so now, but I would suggest to the minister that it would be an important expression of good faith from those of us who are members of parliament to subject ourselves to the discipline of indicating that we have been in attendance. It seems reasonable that we might give this expression of good faith not only to our electors but to ourselves, collectively, since we have this responsibility together.

Mr. Knowles: This clause, taken with a later clause, has the effect of raising the amount which a member has deducted from his remuneration when his absence exceeds 21 days in the session. The total would now be $120 for each such day and I am sure we all agree that taking into account such a generous allowance, namely 21 days absence during which no deduction is suffered, this is a proper figure.

I would like to endorse what the hon. member for Red Deer has said, namely that with the kind of remuneration we will now receive we should take more seriously than we have sometimes, perhaps, in the past, our responsibility to be here. I agree that this is not the kind of thing to put in a bill but I would offer two suggestions. First we might consider this matter in the special committee on procedure, whenever that is established. Even in the other place they have a form of roll call. The attendances are kept and recorded in each day's *Minutes of Proceedings* of that other unmentionable place. The other suggestion is that perhaps this is a matter for discipline within each of our party organizations. I do not think it is my place to stand here and preach to members of other groups, but I can tell the members of my own party that as party whip, the whip will crack a lot more after this.

Mr. Churchill: I did not wish to intervene in this debate and I should not have done so but for the remarks made by the hon. member for Red Deer and the hon. member for Winnipeg North Centre. The difficulty in parliament is that if one does not rise and state an objection, people say, subsequently, that nobody was opposed to it. I stake out a claim right now against the proposition put forward by the hon. member for Red Deer

and the hon. member for Winnipeg North Centre and I will fight them on it in the rules committee if it is ever set up.

I have heard it said often in the past that members must answer a roll call in the House of Commons to let everyone know that they are in attendance. I have spent a great deal of my life under discipline of one sort or another, whether in school or in the army, and I react strongly against suggestions that there should be this type of discipline for members of parliament. This is an institution unique in this country and if members do not have a sense of responsibility, their constituents will soon discover it and they will retire them, as has happened to so many people who were in this chamber.

Mr. Woolliams: And they do it so graciously.

Mr. Churchill: Yes, and they tell you afterwards how sorry they are that they had to vote against you. There is no use raising the example of the other place. The very fact that there is an attendance roll there is never held up as an instance of the achievements of that honourable institution, and I am finding no fault with it at all.

Mr. Nowlan: They have not got the discipline of an election either.

Mr. Churchill: Like other members of parliament, perhaps if I ended up in the other place I would gladly sign the roll, but nevertheless let us not hold that up as an example of what should be done here. I firmly believe in the parliamentary system. I believe in the responsibility of the member of parliament to his constituents and I believe in the good common sense of the voters of this country to retain in the house those people who they believe will perform their duties properly for the constituency and for the country. Therefore I reject completely any nonsense about a roll call or being subjected to as is the army to a sergeant's check of a platoon.

Mr. Knowles: Will my colleague permit a question?

Mr. Churchill: Yes.

Mr. Knowles: Does my friend from Winnipeg South Centre take the same attitude toward the fact that we have to sign an affidavit at the end of every month stating whether or not we were present? Is that not a form of discipline?

Mr. Churchill: That is all right, and there is a penalty here in the bill. If people are not diligent in their attendance they pay a certain penalty. But the suggestion of a daily roll call for mature people who are members of parliament is to my way of thinking a bit of nonsense. In any case, if you have a daily roll call there are ways and means of evading this responsibility. I do not suggest that anybody in the present parliament would do so, but a person could be in attendance for a roll call and absent for the rest of the day. That is not a solution to the maintenance of this institution.

In any case, and finally because I do not want to prolong the debate, I am just giving notice that I will oppose such a suggestion in the future if it comes up again under the proper circumstances. This institution has survived for a good hundred years, and its predecessor before that, without a roll call and without harm to the people of Canada, and I think it can go on for another 100 or even 300 years without the necessity of imposing that type of restraint upon responsible members of parliament.

Mr. Peters: Mr. Chairman, I am glad that the house leader of the official opposition has stated his position because I must say I find it very difficult to see any merit in it at all. I can remember going to the accounts office, as I am sure many other hon. members have done—this occurred not after I had been here a few weeks or a few months but after I had been here three or four years—and asking the accountant who a certain gentleman was and being informed that he was the member for such and such a riding. Yet I had never seen him. I am sure there are other occasions when members, after having been here for six or eight months or a year, will look around and wonder who the member is sitting in a particular seat and think that it would be a good opportunity to rise and say that there is a stranger in the house.

An hon. Member: Who are you?

Mr. Woolliams: Raise a point of privilege.

Mr. Peters: Mr. Chairman, with the remuneration we previously received I was quite happy in seeking election on a number of occasions to declare my attendance in the house and I have always been happy to do so. I know there are those in the house who know much more about legislation than I do, and who will say that you cannot write these things into a bill. Maybe we should not have put any amount of money in the bill either. Maybe we should have left these things up in the air. Then if the accountant found that the money in the treasury was sufficient to give us a certain amount that could then be done. However, it has not been thought

right to do that and I do not think there are many members who would support a proposition of that kind.

I do think we have an obligation to the country at least to provide a record of attendance in the house although I admit at times members may be somewhere else for legitimate reasons. There are members who have said over the years that they have had to supplement their incomes elsewhere, and I think this may have been true. It is quite true that some have a higher standard of living than others and if you become accustomed to a certain standard of living it is not very pleasant to have to reduce it. Being a member of parliament certainly has meant a reduction in the standard of living of many people, even a reduction in my standard of living as a trade union representative, because I believe my take-home pay here is less than what I received in that job. If this is true in my case, I am sure there are many professions where the difference is greater. Therefore someone would say, perhaps legitimately, that he could not be here on Monday because he had to be in his office and he might also say that he could not be here on Tuesday, Thursday and Friday because he had to be in his office.

There may be some justification for that; but if we pass a bill of this type providing fair and reasonable remuneration, then we also have an obligation to the country to show that there is some method of recording attendance. I have heard the former prime minister, the member for Prince Albert, say on several occasions that there should be no restrictions placed on a member so long as he could say that he was working in the interests of his constituents, and that he could be doing so either in Ottawa or in his riding. With that I agree, but this is where I think a problem will arise.

I was given the opportunity of addressing a meeting the other day that involved many of the representatives of the municipalities in my riding. The problem concerned me and I was asked to discuss these matters with them. I would think I did so in my capacity as their representative in parliament. It is probably true that I was in my riding when certain bills were being dealt with here that I should have been present to discuss, but I think there are times when matters are being dealt with in your riding that are as much your responsibility as your duties in the House of Commons. I think that is where the dilemma will arise.

It is difficult for me to decide whether he should be at a fall fair or at the opening of a bridge or in the House of Commons. I think this is where the member's own responsibility and integrity will come into the picture, when he makes a decision as to where he is going to be. In my view there can be no objection to a roll call. I have been associated with many organizations where there was a roll call of the officers at every meeting. Every officer was not always present, but quite often someone would rise and say that brother so and so is not here because he is at work or attending to something else. Honest, legitimate reasons were given for his not being there. I do not know how we can arrive at that in the House of Commons. If the 21 days are tied to the roll call it may be that that would be unfair. We are very stupid in devising solutions for something that does not appear to be obviously easy, and so we may have difficulty in arriving at a solution in this regard.

But, Mr. Chairman, I think we have an obligation to the country and to parliament itself to ensure that attendance in the house is maintained. It really is no joke when you hear the expression "T to T boys". I think it is a disgrace to parliament and it has only been justified by the fact that many members were unable to carry out their responsibilities with the remuneration they received.

In making their recommendation I believe that the government has considered the job of a member of parliament to be a full time one, and therefore the representatives of the people should be prepared to give at least the major part of their time to the duties that have fallen upon them as a result of being elected to parliament. I believe that we must arrive at a much better method than this one of signing an affidavit. I am sure some members know of other members who have been signing these affidavits under what would be considered elsewhere to be dubious circumstances.

I hope, Mr. Chairman, that this matter will be given consideration. I would particularly urge that the minister piloting this legislation try to insert something in clause 2 that would strengthen the interpretation of public and official business. I feel that each member will represent his constituency in a different manner from that of his fellow members even in the same party. I hope it will not be left to the whips themselves to police this provision because that will cause a great deal of dissension. I do think that they will strengthen public support for the institution of parliament, and support that will be necessary to those members participating in this debate if they wish to return to this house, if we give the public assurance that we have provided the necessary safeguards to ensure active attendance in this place.

Mr. Monteith: I do not intend to prolong the debate on this clause. I gather, however,

from the remarks of the hon. member who has just spoken that he is in favour of regimenting everybody and everything. I could not agree more with the remarks of the hon. member for Winnipeg South Centre in this respect.

I should like to ask a question, however. Apparently clause 2 which amends section 36, contains words referring to a member who does not attend a sitting of the house of which he is a member because of public or official business. I am asking for clarification of this, Mr. Chairman.

Mr. Pickersgill: I understand that for a number of years now there have been appropriations made to cover this kind of thing, that is attendance at United Nations, going to NATO and various things of this sort.

Mr. Monteith: The member mentioned a fair in his riding.

Mr. Pickersgill: No, I would not think that would come within the terms of this clause. I think it would cover something to which the member goes as a representative of the government or the House of Commons; that is my understanding. This has been covered by an item in the estimates, and it was thought when we were amending the act we should bring it up to date.

Mr. Nasserden: I was going to bring up that point, because I believe there are times when a member of parliament's attendance at some function in his riding is just as important as his attendance here in the House of Commons. There have been times when I have read the affidavit we have to make and I have wondered just what we are signing. I have wondered whether it includes such particular things. I would not try to convince the Secretary of State, but there are times when a person should be in his riding at some of these functions, and that would be just as important in terms of fulfilling his duties as being here in the House of Commons.

Mr. Pickersgill: I would consider, sir, when we are allowed 21 days before this clause is effective, that would be sufficient. I think I am about as assiduous a representative of my constituency as anyone, but I believe there could not be 21 fall fairs, even in the Rosthern constituency, so important that the hon. gentleman would have to attend.

Mr. Patterson: I should like to ask the Secretary of State if he could tell us the relative length of the session at the time this 21 days absence was set. Were the sessions at that time as long as they are now? Has there been any increase from the original figure that was set concerning days absent? Just what is the relative position?

Mr. Knowles: It was changed in 1954 from 15 days to 21 days.

Mr. Pickersgill: I am speaking from memory, but my recollection is it was 15 days when I was elected to parliament in 1953. It was changed to 21 days at that time because it was thought the sessions were getting a little longer. They have been getting a lot longer since 1954, and I hope that has nothing to do with my being in the house. I think 21 was about in proportion to the increased length over the period when 15 days was set. The government, at the present time, is not suggesting that 21 should be changed.

Mr. Thomas: I should like to say a word about this public service provision. Those who live a long distance from Ottawa cannot get home to a fall fair within a day, whereas those who live close to Ottawa can take a half day off, spend part of the time in parliament and still attend the fair. Those of us who live in the area of West Middlesex must be absent a whole day to attend a fall fair, unless we fly both ways.

Now, I believe these circumstances make a difference in the manner in which this particular clause should be interpreted. I know the people in most of these constituencies do like to see their member come into the constituency to attend these functions. They invite the member to do that. If we are going to limit this provision to 21 days, I know from my own experience that 21 days will not begin to cover the events to which a member in that area is invited. I think it is much better to leave the interpretation of those words "public business" to the member. I know when I am conducting public business or when I am acting in my own interests. I think a member should be allowed reasonable leeway in making an interpretation of that term "public business".

Mr. Nesbitt: I should like to say a word about the interpretation of this particular clause relating to public or official business. If a person is a member on the government side of the house, he often has to represent the government at one place or another. Nobody would argue about that. Members of opposition parties, all three of them in this case, are invited to attend functions, whether they are fall fairs or hearing representations from labour groups or manufacturers groups. The reason you are invited is that you are a member of parliament for the area. I hope, Mr. Chairman, that in those cases such attendance would be interpreted as attendance on public business. It is quite clear that you

would not be invited unless you were the elected representative. I think there is some need for clarification in connection with this matter, and I hope the Secretary of State will provide it.

Mr. Pickersgill: I think the simplest thing I can say is that, although this provision has not been in the statute before, it has been in the appropriations for several years. I do not think there is any thought of changing the interpretation that has prevailed up to now.

Mr. Nesbitt: Is the interpretation I have suggested one with which the Secretary of State would substantially agree?

Mr. Pickersgill: I have never had to do the interpreting, and I hope I never have to do so.

Mr. Pigeon: If a member of parliament were sick for one, two or three years I hope the government would not charge him $60 a day after this first period?

Mr. Pickersgill: I understand you can be sick as long as you like.

Mr. Woolliams: I do not want to prolong this too much, but I feel some of the hon. members have laboured the question of attendance too heavily. I have often wondered whether members of parliament should not think as businessmen. Being a businessman does not necessarily mean sitting at a desk acquiescing in what might be done or acquiescing in what is not being done. That situation may arise, but I am not suggesting that a person could hold a seat in the House of Commons for any number of years by doing that. The measure of a member should be the responsibility he takes, and his accomplishments. These are more important than actual physical attendance, and if an hon. member can accomplish something on the broad scale for his country, his province or his constituency, then he is doing a good job.

A second thought which occurs to me is that asking the Secretary of State for an interpretation is putting him on the spot, because all our statutes are interpreted by the judiciary, whose function that is. If we are to get into a dispute of what public business means it will have to be determined by a higher body than the House of Commons or the Secretary of State.

Mr. Winch: In view of what has been said during the last few minutes I think we have to be very careful in considering this. I have been here 10 years, sir, and upon occasion I meet people and discover they are members of the house, but I cannot remember ever having seen them here.

I come from Vancouver and that is a long way from Ottawa. I say our job is here, and this allowance of 21 days before an hon. member is fined for not being here, is about right. If you cannot do it in 21 days you are not on public business; you are campaigning, and you yourself know it.

Clause agreed to.

Clause 3 agreed to.

On clause 4—*Travelling expenses.*

Mr. Knowles: I would like to say a brief word on this clause. I am glad to see that what was provided for in the estimates of 1931 is at last being written into our statutes, in what I think is the proper place. I am referring to the provision of a motor vehicle allowance for members of the cabinet.

Some of us have been here a long time and know that this matter has been discussed on previous occasions, as to whether it was proper to carry it forward from an item which Mr. Bennett put in the estimates in 1931. It is now put in this statute where it belongs.

Mr. Monteith: Maybe the minister would explain how this is going to operate—this new motor vehicle allowance for the Senate, House of Commons, ministers and so on.

Mr. Pickersgill: There is absolutely nothing new whatsoever. It is, as the hon. member for Winnipeg North Centre has said, transferring it from the appropriation account of 1931, where it has been all these years, into this statute where it ought to be. I am of course referring to subsection 2, but with regard to subsection 1 perhaps the hon. member for Perth would like to say something first, because I may want one of my colleagues to propose a small amendment. It concerns something which was drawn to my attention since the bill was introduced this afternoon.

Mr. Monteith: You go ahead.

Mr. Pickersgill: I should like to ask my colleague, the Minister of Finance, to move that clause 4 of the bill be amended by adding thereto, immediately after the word "residence" in line 42 thereof, the words "or his constituency."

Mr. Gordon: I move:

That clause 4 of the said bill be amended by adding thereto, immediately after the word "residence" in line 42 thereof, the words "or his constituency."

Mr. Pickersgill: I may say, sir, that it has been drawn to my attention that there might be some question about the residences of certain hon. members from the point of view of what is intended in this clause, and perhaps one of these hon. members would be the member for Bonavista-Twillingate. It is

really intended that the travelling expenses should provide for travel between Ottawa and their constituencies. This might be interpreted in a narrow sense without the amendment. I do not know precisely what the law would say about "residence," and there are one or two hon. members who actually do not have residences in their constituencies but who are re-elected pretty regularly. In fact I am sure that those who do not live in their constituencies have all the more need to travel to them.

Mr. Monteith: I am quite happy to accept the amendment suggested, but with regard to subsection (1) I am a little concerned about the phrase:

> —and such actual telecommunication expenses incurred while in Ottawa, as each house may by order prescribe for its own members.

We all have certain telephone calls coming in collect, and we have to accept that type of thing. We also must, of necessity, make telephone calls elsewhere; but I feel there should be some indication of the lines that should be followed in setting these amounts. I am not suggesting anybody will overdo the matter, but there should be some limit.

Mr. Pickersgill: I imagine the initiative would be taken by the commissioners of internal economy, and they would make a suggestion to the house which would have to be approved by the house. It was represented to the government by a number of hon. members in all parts of the house that for a member, say, from Vancouver, the problem of telecommunications was very different from that of a member, say, from Russell, who at most might have to pay 20 cents to call some place in his constituency.

There is a real inequality there, and it is my hope that the commissioners of internal economy will act in a thoroughly responsible manner, and that there will be no abuse whatsoever of a provision that is really meant to take into account the vast extent of our country and the inevitable inequalities between those who represent constituencies a long way from Ottawa and those who represent constituencies nearby.

Mr. Thompson: One of the most difficult inequalities for hon. members arises over the question of distance. The travelling expenses for hon. members living in St. John's or Victoria are certainly very different from those who live in Ottawa, Toronto or Montreal. This likewise applies to telecommunications, and one of the fairest aspects of this legislation is this very thing which is being suggested with respect to transportation and telecommunications. I would suggest to the minister that if this could be applied in terms of usage rather than in terms of dollars it would be much more equitable.

Mr. MacLean (Queens): As the provision now stands the motor vehicle allowance paid to ministers is $2,000, which is not taxable income, and I think it is only proper that it be placed in this statute where it should be. Under the act as it now stands it was recognized, apparently that ministers of the crown should receive an automobile allowance which was untaxable. In addition to that, since they are on government business a great deal of their time rather than on constituency business, there is an allowance for the expenses they incur while on government business. It was felt, apparently, that in the case of the $2,000 expense allowance for members of parliament who are also ministers of the crown, this amount should be taxable. I notice this is being eliminated from the act and I would appreciate it if the Secretary of State would give an explanation as to why it is considered that this past conclusion is no longer valid.

Mr. Pickersgill: The government did give a good deal of consideration to the point raised by the hon. member for Queens. It was felt that there was no less expense to a minister of the crown than there was to any other hon. member in representing his constituency, and probably rather more because of the fact that he did have to spend, necessarily, so much of his time, even when parliament was in session, in Ottawa, and that this was not a very equitable provision of the law.

The hon. member for Queens will remember that last time the remuneration was changed there was an increase in the salary of the prime minister and in the salaries of ministers, and no such proposal is being suggested at the present time, notwithstanding the fact that ministers' salaries are just as much out of line with other remuneration as are members' indemnities. But the government has no thought and no suggestion of proposing any changes in them whatever at the present time. However, it was thought that what seemed to be in a way a discrimination against ministers of the crown and against the Leader of the Opposition, who is also elected in a constituency—and against the Speaker as well, I believe—should be changed and this disparity reduced.

Mr. Monteith: Then am I to understand that in the future ministers of the crown are going to receive a total of $8,000 tax free?

Mr. Pickersgill: Yes, that would be correct.

Mr. Monteith: A private member receives only $6,000.

Mr. Pickersgill: I beg the hon. member's pardon?

Mr. Monteith: I was replying to the undercover remark of the hon. member for Niagara Falls.

Mr. Pickersgill: Of course, the $2,000 which was appropriated in 1931 for an indefinite period thereafter is not being changed in any way.

Mr. Monteith: No.

Mr. Pickersgill: It is being continued as it was.

Mr. Monteith: Am I to understand, however, that the private member receives $6,000 under this proposed clause, tax free, and a minister of the crown actually receives a total of $8,000?

Mr. Pickersgill: That is correct.

Mr. Willoughby: Mr. Chairman, I would like to ask the Secretary of State, in connection with clause 4 (1), whether he would clarify for me the interpretation of the term "actual moving". Does it mean household goods in that case?

Mr. Pickersgill: I may say to the hon. member for Kamloops that the language in subclause 1 is exactly the same as it has always been except for the words that are underlined. The words "travelling expenses" and the reference to telecommunications are the only new part. I am advised that whatever has been done in the past with respect to moving or transportation will continue to be done. Nothing new is being imported into the act because of the amendments.

Mr. Gregoire: Mr. Chairman, I would like to have an explanation from the Secretary of State in connection with clause 4 (1). In the French translation of the act up to this time there has been included the phrase "une fois l'année au retour", but this does not appear in the new clause. Does it mean that a member will have his travelling expenses paid to go to his constituency every week end or so?

Mr. Pickersgill: The actual number of times that it would be possible to have this privilege or right, or whatever one likes to call it, would be determined by each house separately; that would be determined by the house itself. At the present time, under an arrangement that was made by the previous administration and proposed in this house by a former minister of transport, I think there are three occasions, or something like that, in addition to—

An hon. Member: It is four at present.

Mr. Pickersgill: I am not even sure what the number is, but there is a certain number. They are determined by the house; they are not in the legislation. The same practice would be followed hereafter; the commissioners of internal economy will make a recommendation to the house, which will be accepted or rejected.

(Translation):

Mr. Grégoire: Mr. Chairman, I feel that an interesting suggestion could be made to the government on that point. It has often been said that we discuss legislation in this house but that we have not enough contacts with our constituents. Does the Secretary of State not think that it would be advisable to provide members with airplane passes between Ottawa and their ridings so that they could keep in closer touch with their electors?

For instance, Mr. Chairman, when I visit my constituency, which is situated in the Saguenay-Lake St. John district, I must leave the capital on Friday afternoon at ten minutes to five and I get home only the next morning at nine o'clock, after having spent a rather uncomfortable night because the railway is in a pitiful condition in that area. So, on Saturday, I have to spend the whole day at my office and then get ready to come back at a time which is not too convenient. Travelling in such a way, I am only able to sleep at home one night out of three. So if members who live some distance from Ottawa had the privilege of free travel aboard planes, it would be possible for them to leave Friday evening at six o'clock and to get to their constituency that same night. They could then sleep at least two nights at home and they would have two full days to devote to their electors.

As for me, at the present time, I am in contact with my electors only every fortnight, and that after having spent two nights on the train and not to mention the work I have to do right here. You will understand that such a schedule is rather tough, especially with sessions as long as they are now.

So I wonder whether the Secretary of State would consider the possibility of supplying especially those members who live rather far from Ottawa with a pass to travel by air.

(Text):

Mr. Pickersgill: I may say, sir, that is precisely the object of the amendment.

Mr. Rheaume: Mr. Chairman, when the Secretary of State is considering these things I would ask him to consider that there is, as he is undoubtedly aware, a special problem with the Northwest Territories in that at the

present time Trans-Canada Air Lines dumps me off approximately 600 miles south of my constituency if I happen to be travelling west, and quite often the member for the Northwest Territories also has to travel east to Montreal to get to the constituency, which as some hon. members may know is, at its easternmost point, east of the city of Halifax. I wonder whether this will be considered at the time air transportation is being considered.

Some hon. Members: Hear, hear.

Mr. Pickersgill: As a matter of fact, Mr. Chairman, the amendment that my hon. friend the Minister of Finance has just proposed and which the committee has just accepted will take care of precisely the case of the hon. member for the Northwest Territories, which certainly should be taken care of because I think we all recognize that he has perhaps the most difficult problem of all, although not much more difficult than the problem of my hon. friend from Grand Falls-White Bay-Labrador.

Mr. Monteith: Mr. Chairman, before we pass this clause I would like to have one clarification. At the end of the old section 44, subsection 4, as appears on the right hand side of page 3 of the bill, it refers to ministers of the House of Commons and members of the Senate. Does this mean there will be a certain amount of tax free money for the members of the other place?

Mr. Pickersgill: I think that is a correct interpretation.

Mr. Monteith: How much is this going to be?

Mr. Pickersgill: The allowance proposed for members of the Senate is half of that proposed for members of the House of Commons.

Mr. Monteith: That is going to be tax free?

Mr. Pickersgill: Yes.

Mr. Monteith: Was the $2,000 car allowance they received an expense?

Mr. Pickersgill: I do not think the senators—

Mr. Monteith: It was taxable before?

Mr. Pickersgill: The senators do not receive a car allowance.

Mr. Monteith: They just receive a straight indemnity of $10,000 which was all taxable?

Mr. Pickersgill: The remuneration of senators under the present law is $8,000 sessional indemnity plus $2,000 so-called expense allowance which is taxable.

[Mr. Rheaume.]

Mr. Monteith: And in future, as I understand it, it will be $12,000 plus $3,000 which is not taxable?

Mr. Pickersgill: Yes, that is right, and this is half that proposed for the hon. members of this house.

Amendment agreed to.

Clause 4 as amended agreed to.

On clause 5.

Mr. Monteith: Mr. Chairman, there is rather a lot of technical language here and we have not had much opportunity to study the bill. We had an hour over dinner time to have a sandwich, although some of us did not get that opportunity. Would the minister outline in brief form the new pension scheme?

Mr. Pickersgill: I think I could do that, and I think the suggestion of the hon. member for Perth is a good one. As I am not an expert and do not claim to be one on these matters, I hope hon. members will forgive me if I hesitate a little and get a little prompting from time to time.

Mr. Monteith: We expect that.

Mr. Pickersgill: As hon. members know, the pension at the present time is, as I understand it, based upon a contribution from members of 6 per cent of one half their sessional indemnity; that is to say, of the $4,000 which has been the sessional indemnity since 1920. The maximum pension available is three quarters of that indemnity, or $3,000, which is arrived at after about 16 or 17 years; in any event, it is longer than I have been here. There is no pension for widows. The pension is reduced by the amount of the old age pension for anyone receiving the old age pension after the age of 70. It is proposed for all members of the house with respect to the pension with which they have paid before April 8 that they will have three options. They can either freeze the benefits they have earned up to now just as they are for themselves alone—

Mr. Southam: That would be hard on the widows.

Mr. Pickersgill: The other two are not so hard on the widows. In the second place they can convert the benefits they have earned up to now, so that there is a survivor clause in it, without paying any additional money; so that instead of getting three quarters the pensioner would get five twelfths of his contribution as a pension and his widow would get three twelfths.

Mr. Crouse: Three fifths.

Mr. Pickersgill: Three fifths of his or three twelfths of the whole. I am advised by the experts that that arithmetic is correct.

Mr. Woolliams: Is not three twelfths one quarter?

Mr. Pickersgill: Yes. The hon. member for Bow River is better with lassoos than I am and I suggest he let me do my arithmetic slowly by myself. Then instead of freezing his benefits under the one way or the other a member has a third option, and any of these options can be exercised within a year. The third option is to pay the contribution with interest on the other $4,000 indemnity since 1954, or any part of the period since 1954 when he was a member. If he does that he can double the benefits he would get for the period since 1954, but he can only do it for a survivor pension; he cannot do it for himself alone.

Mr. Monteith: Just one brief question arising out of that. Under the third option he can double his own pension, and would that automatically include his wife?

Mr. Pickersgill: Yes. He will get only five twelfths instead of three quarters.

An hon. Member: What if he is a bachelor?

Mr. Pickersgill: Then presumably he would not be very much interested in worrying about his wife.

Mr. Monteith: It is five twelfths of the increased amount?

Mr. Pickersgill: Of the whole amount. If a member chooses to augment the pension he earned before April 8, the whole amount must be converted into a survivor pension; that is, what he has now and any augmentation.

They are the three alternatives as far as the past is concerned. From now on a member will be obliged to contribute 6 per cent of $12,000, or $720. That contribution will go on as long as he is a member. The maximum pension he can earn will be $9,000 and it will take about 30 years' membership in this house to earn it. It is not expected that many hon. members will ever attain the maximum.

Mr. Monteith: It would not include the previous pension earned up to April 8, the $9,000 maximum?

Mr. Pickersgill: The $9,000 is the maximum regardless of whether part is earned before April 8 or after. Three quarters of the present indemnity is the maximum pension, and I doubt whether there are two members of this house who would ever attain the maximum. For a widow the maximum is $5,400. I think that is about as succinct an explanation as I can give.

Mr. Thomas: Mr. Chairman, let us have a little further enlightenment on this matter. Assuming a member is defeated or retired, if he has converted his pension, including the survivor clause, I understand he will qualify for five twelfths of his contribution and the wife for three twelfths?

Mr. Pickersgill: Yes, the widow.

Mr. Thomas: Do I understand that they draw it at the same time?

Mr. Pickersgill: Oh, no. The wife has to be a widow before she draws it.

Mr. Harkness: Mr. Chairman, I have two or three questions in connection with this matter which I should like cleared up. First of all, I should like to say that I thoroughly approve of this legislation, and the questions I am asking are for clarification rather than in criticism of it. In the case of a member of the house—I might say here that I happen to be one of the people who have been here longest, I think; only seven members of this house have been here longer than I—who has completed his payments under the old pension system, as some of us have, if that member elects to remain on that system and not take the option of paying in so much in a lump sum in order to cover the period from 1954 to the present, is the old age pension which he would not have received under the old system still subtracted from what he would receive, or does this legislation wipe that out?

Mr. Pickersgill: This legislation wipes that out completely, not merely for members of the house but for existing pensioners as well. Many representations were made to the government from all sides of the house as it was felt most unfortunate that this particular provision was in the law. This is one thing which is being done for the pensioners as from the date of the passing of this bill. The old age pension will not be subtracted from any pension.

Mr. Harkness: If I have understood the minister correctly, members of parliament now in receipt of retirement allowances will be entitled to the present $65 a month which they are now getting if they are over 70 years of age. I am glad to hear this. The latter part of clause 6 says—

> —an amount equal to 6 per cent of the sessional indemnity payable to that member in respect of that period minus the amount contributed or that could have been contributed by him in respect of that period.

Would the minister tell us what is meant by the expression: "that could have been contributed"? I am thinking of my own situation and of the situation of a number of

hon. members who have not been contributing to the pension fund for the last two or three years or more, and of the effect this will have as far as future contributions are concerned, if an election is made.

Mr. Pickersgill: I am informed that in the case mentioned by the hon. member for Calgary North it would have no effect at all. From April 8 on, the hon. gentleman would pay 6 per cent of the new sessional indemnity. But if a member chooses to leave his pension or convert it without augmenting it —the pension he earned before April 8— this would have no effect.

Mr. Harkness: I am a little puzzled as to the arithmetic in regard to this and, probably, the minister's arithmetic is no better than my own. But it would seem to me that those of us who are in the position of having completed our payments under the old pension system, and who, if we had retired, in the last few years, would have been entitled to $3,000 a year, would be required to pay, if we made this election, $2,160 plus interest for the last nine years. Having done that we would be entitled to a pension of $2,566, rather than $3,000. We would, of course, have gained a survivors benefit. Is that more or less correct?

Mr. Pickersgill: Subject to the hon. gentleman's figures being correct, that is correct. And that, I am informed, is actuarially sound.

Mr. Churchill: Does not this place the present member of parliament who is new to this institution in a better relative position? Within 10 years a new member, if he survives that long—and it is not easy, of course—will qualify for a $3,000 pension. The man who has been here for 17 years and who is now qualified for $3,000 is not really any further ahead despite these back payments that he makes, except, of course, for the allowance for the widow. There is no actual increase in the pension for the person who has paid in for 17 years as a member of this house.

Mr. Pickersgill: Not in respect of past services, apart from the ability to pay on the extra amount. I think the hon. member for Calgary North will appreciate that if he paid on the extra 9 years, that would be an addition to the converted value of his $3,000 —it would not be in place of it. He could convert the $3,000 for which he would now be eligible to the lower rate, to the five twelfths instead of three quarters, with three twelfths for his widow, without paying any more, if he wanted, and he could also pay in respect to the other $4,000 year for the last nine years and do that on the survival basis only.

Mr. Weichel: The Secretary of State mentioned a while ago that the old age pension would not be affected by these payments and he said this would apply to all such pensioners. When he said "all pensioners" did he mean war pensioners or war veterans allowance recipients?

Mr. Pickersgill: I was speaking about this bill only.

Mr. Churchill: I have one further question. Was any consideration given to older members of the house paying back, perhaps, more money so that they would be put in the same position as new members are now on the basis of, say, 15 years' service? Fifteen years service under the new plan means a pension of $4,500. Members of this house who have had 15 or 20 years service, possibly by paying back extra money, might be put into the same relative position as the people who will be here 15 years from now.

Mr. Pickersgill: I think there would be great difficulty about doing that. After all, these pensions are related to the indemnities. They are based on a 6 per cent contribution. The maximum indemnity paid up to April 8, 1963 was $8,000 and I think it would be hard to suggest that members of parliament should be put into the position of being able to make contributions in relation to something they never did receive. It is going quite far to say that they should be allowed to make contributions on the extra amount.

Mr. Starr: The Secretary of State said members should not be allowed to contribute more than the charge on the indemnity they have been receiving. When the increase in the indemnity was made we were only paying 6 per cent on the $4,000 up to 1954. We have been receiving an additional $4,000—

Mr. Pickersgill: And you can pay on that. That is precisely what this bill will allow members to do. It will allow the hon. member for Ontario to pay 6 per cent of the other $4,000 for the last nine years either in a lump sum or in instalments, and earn that much extra pension. But I do not think we could go beyond that.

Mr. Starr: There is not much extra pension as far as the member himself is concerned. In my case, on retirement, it is about $2,050. If I paid that $2,160 plus interest I would also have the privilege of getting a survival benefit—

Some hon. Members: Oh no.

Mr. Starr: By doing that my pension would actually be reduced by some $16 a year.

Mr. Nowlan: That is the understanding which I have of this. If we go back and back, in my case, to 1954, we find at the moment I am entitled to X dollars. Somebody speaking on the radio yesterday morning said this was the most generous pension system the world had ever heard of. Well, I do not think so, and I would hate to think that the guild was getting one on the same basis. One has to win three elections to get a pension at all, which is not too easy, and having won them, one has to stay here for a good many more years. I have been here since 1948, and I can now get a pension somewhere in the neighbourhood of $2,600. If I pick up the option my pension would be a little less than than, but my wife would have the benefit of a survivor's pension. So that although I would get a little less, ultimately, according to the ordinary law of nature, she would get a bit more.

Mr. Pickersgill: It is perfectly clear that I have not made myself clear. In addition to realizing a benefit for oneself alone, there are two operations. One is just to convert and that means that your pension will be less. The other is both to convert and to augment by paying the back contributions on the other $4,000, and if you do that for that nine years the pension, of course, will be double what it would be if you did not augment.

Some hon. Members: No.

Mr. Nowlan: I should like that to be cleared up because my understanding is exactly the reverse. For the sake of argument, suppose that I am prepared to go back to 1954 and to pay up everything. In other words, I am prepared to double. I have got my impression simply through casual conversation and I am not at all sure of my facts, but it is my impression that if I do that I will get a lesser pension should the bill go through and should I elect. If I should retire immediately afterwards I would get a lesser pension than if I did not elect at all. I am not critical but, as my colleague said, some of us were hoping there was an option whereby we could get survivorship and at the same time augment the rather meagre pension.

Mr. Pickersgill: That is precisely what there is. I think you have got to look at the two cases. There is the case of mere conversion without paying any more money. If one is in the fortunate position of the hon. member for Calgary North with his $3,000 pension he has three quarters, and if the officials will tell me what five twelfths will be it will be much easier for me to go on from there.

Mr. Nowlan: You mean that by conversion you simply hold it where it is?

Mr. Pickersgill: You just hold it where it is. You do not pay in another cent.

Mr. Martin (Timmins): Mr. Chairman, I should like to say a few words—

Mr. Pickersgill: I wonder whether I could answer this question before I have another one to confuse me.

Mr. Martin (Timmins): I think I have a simple explanation that will clarify this very point. Members like myself who have been here some six years have earned a pension of some $90 a month, if they wish to retire without paying anything additional.

Mr. Woolliams: On a point of order, Mr. Chairman, I do not want to interrupt, but the Secretary of State has had a question put to him by senior members and I think that should be clarified before we clutter up the record with more facts. I make this as a suggestion.

The Chairman: Order. Perhaps we could allow the hon. member for Timmins to continue until such time as the Secretary of States is prepared to reply to the particular question put to him a moment ago.

Mr. Martin (Timmins): Possibly the hon. member for Bow River did not realize I was not asking a question. Without making any additional payments the members' pension on the joint basis would be reduced to $50 a month, but in the case of his death his widow would receive $30 a month as long as she lived. If he wants to increase his pension he can pay in some $1,440 and that would increase his eligible pension to $100 or twice what he would now have and it would increase his widow's pension to $60 or twice what she would have now. I think that should clarify the matter.

Mr. Nowlan: If that answer will be accepted by the Secretary of State—

Mr. Pickersgill: I have had the arithmetic done and I am told that if you have paid enough to qualify for the $3,000 pension the survivor pension would be $1,667 for a man and his wife and for his widow it would be $1,000. This pension is already earned without paying in anything more. Without paying in another cent that is what you would get. If you want to contribute at 6 per cent on the $4,000 additional that you received as indemnity since 1954 you would get five twelfths of the additional contribution for yourself and three twelfths for your widow over and above what you have already earned.

Mr. Nowlan: I never was any good at mathematics and I am not going to carry on a discussion with the Secretary of State. I do not know what the situation is if you have a $3,000 pension. The Secretary of State says that you will be able to do so and so. I do not have a $3,000 pension but I have one a couple of hundred dollars less and I am told the situation is entirely different. I am sure there must be some misunderstanding. I do not suppose we can clear it up tonight. We will have to leave it to the officials. Will the Secretary of State assure the committee that there are three options open to us?

Mr. Pickersgill: There is absolutely no question that there are three options open. The pension earned up to April 8 can be left just as it is, or the pension can be converted from three quarters of the contributions to five twelfths for the husband and three twelfths for the widow. I admit that is a considerable reduction in the amount of the pension but it is a survivor pension and I am told it is an actuarially sound conversion. It is also open to contribute on the $4,000 additional that any member has received for any year since 1954 when the allowances were last increased, with interest, and that additional contribution would earn a pension of five twelfths of the contribution for the contributor and his wife and three twelfths for his widow.

Mr. Churchill: Do the figures that were put on the record by the hon. member for Calgary North hold, namely that the paid up pension now of $3,000 together with the amount paid back for the nine years would result in a pension entitlement of $2,500 plus survivor benefits?

Mr. Pickersgill: I am told that those figures are approximately correct.

Mr. Knowles: Mr. Chairman, we seem to have got into a fair amount of arithmetical confusion, but I want to say that I think the provisions of the bill in this respect are very fair and I do not think there is any discrimination against the older members compared with the newer ones as was suggested by my neighbour, the hon. member for Winnipeg South Centre.

Mr. Churchill: I did not use the word "discrimination".

Mr. Knowles: All right, it was not the word "discrimination", but the hon. member for Winnipeg South Centre said that members who are here now will earn in 10 years a $3,000 pension. He said that seemed to be unfair, considering the fact that we old timers took 16⅔ years to earn a $3,000 pension.

[Mr. Pickersgill.]

Mr. Nowlan: Without survivorship.

Mr. Knowles: I am one of the old timers and in addition I have not only been able to study this matter in academic terms but I have had experience with it. I was given a holiday in 1958 and one of the things that went with that holiday was to go on the pension for the time I was out of the house. I had been here long enough before the election of 1958 that when I went on that holiday I drew the full $3,000 pension, because I had paid in the full $4,000. In fact, I had paid it in by 1956. I understand that if I simply choose the option to convert and nothing else my pension when I leave again 20 or 30 years from now on the basis of that former pension would be only $1,667. That sounds like quite a drop but I suggest it is a very small price to pay for the guarantee that for my widow there will be a pension of $1,000. I suggest that not only is this well worked out actuarially but that it is very fair and a good bargain for any member to purchase for his potential or prospective widow.

Now, the member for Winnipeg South Centre says a young lad can come in now and is going to be able to earn $3,000 in the next ten years. So am I. If I am here for another ten years I can earn another $3,000 pension and have $3,000 plus the $1,667 that I have already earned from the old scheme. I have got more than that, because I can pay the 6 per cent on the $4,000 upon which I was not allowed to pay from 1954 to 1958. I suppose I could also pay on the $8,000 on which I did not pay anything at all, because I had paid the full $4,000 allowed under the former act. If I pay up, ten years from now my pension entitlement and my widow's potential pension entitlement will be a lot better than that of the young lad who has just come in.

The hon. member for Winnipeg South Centre did not like me calling it discriminatory, and I withdraw that word. But I do not believe there should be a suggestion that there is any unfairness in this to old timers like the hon. member for Calgary North and myself. We earned a certain pension for the service we put in here at the rate for the job at that time. We are now being given an opportunity to enhance that pension through payment on the portion on which we did not pay. We are also being given this other option, which is to accept a lower pension for ourselves in order to have a guaranteed pension for our widows. I think even the member for Digby-Annapolis-Kings will discover, if he has his case worked out, that with what he is able to pay back on the $4,000 he was not able to pay on, and the fact that he may stay around a year or so or maybe another term,

the pension he will have earned and the pension he may leave for a potential widow will be pretty good.

I do not believe we should go any further in the matter of trying to enhance the pension by going back prior to April 8, 1963. I think this will be found to be very fair to all of us.

Mr. Nowlan: I believe I should say that no one on this side of the house was trying to enhance it. What we were trying to do was get the situation clarified.

Mr. Starr: I understood the Secretary of State to say that there were three alternatives. The third alternative was, if a person had a pension of $2,000 paid up he would have the option of going back to 1954 and paying 6 per cent on the $4,000 indemnity for each year. This would cost him about $2,160 and would earn him an additional pension of five twelfths of that amount which would be about $900. He would, therefore, increase his pension to $2,900, approximately. At the same time, his widow would have a survivor's benefit of three fifths of the $900, which would give her $540. Is that correct?

Mr. Pickersgill: I believe the $5,000 is on the whole amount. I am not sure whether fragmenting it makes it correct or not.

Mr. MacLean (Queens): This is the very thing which needs clarification. Perhaps I can simplify it a bit. If one considers the pension which one earns by one year's service, he finds that last year he paid a contribution on half of his indemnity of $4,000 at 6 per cent which would make him eligible for a pension of $180 a year for that one year. Does this mean he can now contribute twice that amount and double his pension; is that one of the options?

Mr. Pickersgill: We did not think, whether we were wise or not, that we should permit the augmenting of the pension unless the survivor benefit was included. An hon. member can freeze his pension for himself or he can freeze it for himself and his wife, or he can augment for himself and his wife, but he cannot augment it just for himself.

Mr. Nugent: You cannot augment it as a bachelor?

Mr. Pickersgill: This is a sort of tax on bachelors.

Mr. MacLean (Queens): In the case of a member who tries to pay back and contributes on the extra $4,000 a year upon which he did not contribute formerly, is his pension reckoned on the basis of five twelfths of only $4,000 or is it five twelfths of the $8,000?

Mr. Pickersgill: It is five twelfths of the whole amount he has contributed.

Mr. MacLean (Queens): Then he can only augment his own pension by $20 for the five previous years' service.

Mr. Knowles: The hon. member is not recognizing the very real value of the widow's survivor pension.

Mr. Aiken: I want to ask the Secretary of State about the effect of this clause on former members who draw a pension. Can they get the survivor benefit and can they make any additional payments?

Mr. Pickersgill: No, the only advantage that former members have is that when they reach 70, if they do, there will be no deduction of the old age pension.

Clause agreed to.

Clauses 6 to 14 inclusive agreed to.

Title agreed to.

Bill reported.

JUDGES ACT

AMENDMENTS RESPECTING SALARIES, ADDITIONAL JUDGES, ETC.

Hon. Lionel Chevrier (Minister of Justice) moved that the house go into committee to consider the following resolution:

That it is expedient to introduce a measure to amend the Judges Act to increase the salaries of judges of the Supreme Court of Canada, the Exchequer Court of Canada and the superior and county and district courts of the provinces; to provide salaries for eight additional judges of the superior court of Quebec; two additional judges of the supreme court of Nova Scotia including one chief justice, one additional judge of the queen's bench division of the supreme court of New Brunswick, one additional justice of appeal of the court of appeal for British Columbia, one additional judge of the supreme court of British Columbia, one additional judge of the court of queen's bench for Saskatchewan, one additional justice of appeal of the supreme court of Alberta and one additional puisne judge of the supreme court of Newfoundland; and to make certain consequential amendments to the Criminal Code.

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

Mr. Chevrier: Mr. Chairman, the bill to be founded on this resolution has two main purposes. The first purpose is to increase the salaries of judges of superior, district and county courts in Canada. Salaries for the judges of these courts were last increased in 1955, and I think most persons will agree that these salaries are at present inadequate.

Judicial salaries ought to be in keeping with the dignity of the bench and should be adequate to attract leaders at the bar. At the present time the financial sacrifice that must be made by many of the outstanding lawyers

of Canada who desire judicial appointment is greater than they can reasonably be expected to make. The increases that will be proposed will be fair and more realistic than the present salary scale and will, I am confident, enable us to continue to have in Canada a judicial service of the highest integrity and quality.

The second purpose of the proposed bill is to provide salaries for the additional judges mentioned therein, and for which provision has been made by the legislatures of the provinces concerned.

The bill also includes some consequential amendments to the definitions of the courts and Criminal Code, made necessary by certain changes in the organization of the supreme court of Nova Scotia.

Mr. Nowlan: Mr. Chairman, I have nothing to say at this point to delay the passage of the resolution. It is one in which some of us have had a substantial interest for a considerable time. I realize there has been a great deal of pressure to augment some of the salaries in some of the courts, and in dealing with a widespread country such as we have it is difficult to lay down a uniform rule from Atlantic to Pacific.

There may be some judges who feel perfectly happy to go on the bench under the remuneration paid at the moment. There are others in different regions who feel they cannot afford to take an appointment to the bench. It is difficult to differentiate between one area and another, and on the whole this is a resolution which should commend itself to the committee. I personally, and I think my colleagues and associates, would be prepared to support it at this time.

(Translation):

Mr. Gregoire: Just a few words, Mr. Chairman, to say that we can only approve this resolution, which will be followed by a bill, because it is admitted that the number of judges is insufficient, especially for the superior court in the province of Quebec.

However, before the bill is before us, I should like to submit one idea or two to the Minister of Justice (Mr. Chevrier) who perhaps will be able to take them into consideration, and if necessary, propose the necessary changes.

The particular point I want to raise at this time concerns the appointment of eight new judges for the Quebec superior court. Has the minister made any inquiry, in view of the number of cases pending before the courts in the province of Quebec and of the waiting period before the cases are heard, which is sometimes one year and a half, two years and even two years and a half?

Furthermore, does he think that the appointment of eight new judges will be enough to catch up with the cause-list in the superior court of the province of Quebec?

Does the Minister of Justice believe that eight new judges will be enough to enable reasonably prompt hearing, at least more prompt than at present, of cases now on the rolls of the superior court of Quebec?

Mr. Chairman, I raise this point because we are dealing now with a resolution providing for the appointment of eight new superior court judges in the province of Quebec and I am wondering whether this number is enough. The minister will undoubtedly reply that it is following investigations he carried out, because I do not believe he would have mentioned such a figure, eight new judges, without previously inquiring to determine whether the number would be enough, not only to catch up with cases presently pending, but also taking into consideration the fact that there is a constant increase of the number of cases submitted to the superior court of the province of Quebec.

Consequently, I would ask the minister to tell us why he suggested the appointment of eight new judges and why he selected this number.

(Text):

Mr. Brewin: I hardly anticipate that discussion of this item will arouse quite the same interest as discussion of the last item to come before us. Nevertheless I should like to say a few words on the resolution before it passes, and it then may not be necessary to speak at any length on the bill when it is introduced.

Generally speaking we in this party agree with the resolution. I do not believe anybody in the house will disagree with the proposition that one of the pillars in our democratic system is an independent and highly qualified judiciary. The rates of salary therefore must do two things, enable men of high standing in the profession to be available, and to give those appointed as judges reasonable financial security.

As some hon. members know the practice of law produces fairly high financial rewards. Some people may not like that. In fact there are several members of my own party who are not particularly enthusiastic about it, but whether we like it or not it is one of the facts of life. When judges are appointed to the bench it is a tradition that they should be

prepared to accept financial sacrifice; but nevertheless there is no benefit to the country, and indeed it would be very injurious, if the degree of sacrifice were so great that some qualified men could not accept judicial office or, if they did, were burdened with financial anxiety.

It was suggested, with regard to the bill and resolution increasing the salaries of members of this and the other house, that there was a proper corollary, namely, that they should be expected to attend more regularly to their duties and give a higher degree of performance. It would be obviously improper to attach any such corollary to the proposed increase in salaries of judges. In fact, as I myself might have to return to practice I would be the last to make any such suggestion, but nevertheless I think there is a useful corollary to this resolution that could be added if these salaries are increased.

It is that appointments to the bench at the higher rate of salaries should be made strictly on the basis of merit without any reference to political patronage. I have been informed that this has occasionally crept into appointments in the past. I suggest that with this resolution should go the corollary that appointments to the better paid judicial posts should in future carry with them the fact that they are such that it could never be suspected by anybody that they were rewards for political service.

We in this party are filled with the equalitarian philosophy and a deep sense of justice. For that reason we are particularly anxious to see that the bill takes care of those on the lower level of judicial salaries and in the so-called lower ranks of the judges, county and district court judges, who have a greater burden of work than those in the higher realm of appellate courts. We are anxious to see that the bill is fair to those on the lower level, rather than is sometimes the practice of increasing the salaries at the top and not paying too much attention to those on the lower level.

I also notice the resolution provides for the appointment of quite a number of additional judges. That may be necessary, but I suggest to the Minister of Finance that he should at the same time discuss with the provincial attorneys general a series—

The Chairman: Order. Perhaps the Chair might be allowed to bring to the attention of hon. members the fact that quite a few conversations are being carried on in the chamber, which makes it difficult for the Chair to follow what is being said.

Mr. Brewin: Mr. Chairman, I opened my remarks by anticipating that discussion on this subject would not receive the degree of attention that was given to the previous subject. Nevertheless I thank you, sir, for reducing the competition. I was just going to finish my remarks by saying that the overburdening of the courts today is largely due to the fact that in many instances they are performing functions which could far better be performed by others, namely administrative tribunals. I am referring to the heavy burden imposed on all our courts by motor accident cases, often tried with juries, which is a most antiquated, inadequate sort of procedure for dealing with the type of problem that is involved in these so-called negligence cases.

If we were to find out from our judges how much of their time is devoted to this perfectly useless and inadequate procedure it may be that the provincial governments could be persuaded to hand over actions of this type to administrative tribunals, such as the workmen's compensation board which now deals with industrial accidents. If we had a board to deal with motor accident cases, they would be solved much more quickly, cheaply and satisfactorily. It would relieve the burden on the courts and we in this house would not be asked constantly to provide for the additional judges to perform this type of function.

Mr. Chairman, I thank the committee for its close attention to my words. I conclude by saying that in general we approve of this resolution.

The Chairman: Shall the resolution carry?

Mr. Peters: Mr. Chairman, I rise just to say I am very disappointed in this resolution because I see no additional judges are to be provided for the exchequer court. All hon. members will be aware of my reason for being disappointed that this has not been done. I would have thought this would have been the ideal time to appoint additional exchequer court judges and it could have been fitted in with the judicial program of the Minister of Justice. However, that is not really my reason for rising to speak. The minister can make these additional appointments at any time and perhaps he thinks the exchequer court already has such a limited amount of work at certain periods of the year that no additional judges are necessary.

I rose to say, again, that some consideration should be given by the government as to the type of people they appoint as judges, particularly in the lower courts. We have some terrible magistrates in this country. I can remember an old magistrate about whom everybody used to say it depended on the state of his ulcers as to the kind of a disposition he would make of a case. There are

others today that to my knowledge fall within the same category. There is one particular judge to whom I think the minister should give some attention. He has sat on an arbitration case for something like 11 months. It is this sort of work that is being asked of judges. Of course, it has to be approved by the minister, as I understand it, or one of his officials before they can take on this extra work. It is not work that we would like to eliminate completely because there are times when a judge sits on a labour dispute or matters of this type, such as Mr. Justice Norris who sat on the recent commission, and does a remarkable job and a job that one should be quite proud of. But there are other cases where judges are taking on extra work outside the judicial field, which I believe is not in the interests of justice and where in many cases a judge is not really required to decide the issue.

I have raised this matter previously and I know it was considered by a former minister of justice. There was some review of the number of outside jobs judges were allowed to take on. I am sure the minister has this matter in mind and there will be some tightening up of the extracurricular work judges are allowed to undertake, in the interest of justice and in the interest of other jobs they may be called upon to perform.

Resolution reported and concurred in.

Mr. Chevrier thereupon moved for leave to introduce Bill No. C-92 to amend the Judges Act and the Criminal Code.

Motion agreed to and bill read the first time.

Mr. Speaker: When shall the said bill be read the second time.

Some hon. Members: Now.

Mr. Speaker: By unanimous consent.

Mr. Chevrier moved the second reading of the bill.

He said: Mr. Speaker, the salaries of federally appointed judges were last increased by parliament in 1955, at which time a flat increase of $2,500 per annum was provided for each judge. I think most persons would agree that salaries which might have been adequate in 1955 are no longer adequate in 1963. It is important, also, that judicial salaries should be high enough to attract the best lawyers so they can accept a judicial appointment without making a greater financial and personal sacrifice than should be expected of them. While the details of the bill should not be discussed on a motion for second reading, perhaps I might be permitted to indicate to the house at this stage and in a general way what they are, as I propose to make some comparisons of the amounts that are paid in this country as compared with those paid in the United Kingdom and the United States.

The bill before the house proposes to increase the salary of the Chief Justice of Canada from $27,000 per annum to $35,000 per annum and to increase the salary of the other judges of the Supreme Court of Canada from $22,500 to $30,000 per annum. With respect to the provincial superior courts, it proposes to increase the salaries of the chief justices of these courts from $18,500 to $25,000 per annum and to increase the salaries of all puisne and other judges of those courts from $16,900 to $21,000 per annum.

With respect to county court and district court judges it is proposed to increase their salaries from $10,500 to $16,000 per annum. The new salaries proposed are, in my judgment, more realistic than the present salaries and are comparable to judicial salaries in the United States and in the United Kingdom. In the United States, for example, the salary of the chief justice of the supreme court is $35,500, and that of associate chief justice $35,000. The lord high chancellor is paid a salary of £12,000 and a lord of appeal in England receives a salary of £9,000. The amount paid to chief justices of state courts varies from state to state. In the state of New York it goes as high as $39,000. The master of the rolls of the English court of appeal is paid £9,000 and the lord chief justice of England £10,000. Puisne judges of the English court of appeal and queen's bench are paid £8,000.

If we are to obtain persons of the calibre we feel is essential for members of the bench in Canada, the salaries paid to these persons must be sufficient to induce them to accept such appointments. It is not enough, I suggest, to expect that such persons will find the prestige of the position or their desire to render public service alone sufficient to persuade them to give up the freedom they enjoy in the private practice of law or to give up earnings which are considerably higher than the salaries presently paid members of the bench. In accepting an appointment to the bench these persons will be required to sacrifice much of their leisure time, their social contacts and their general activities. I am sure that the amounts proposed in this bill will commend themselves to hon. members as proper recompense to be paid to members of the bench.

Finally, with respect to the salaries for additional judges provided for in the bill, each of the provinces concerned has reported that the additional positions be established and requested that salaries be provided for

these judges. Under section 92(14) of the British North America Act the provinces have exclusive jurisdiction over the administration of justice in the province, including the constitution, maintenance and organization of provincial courts. By section 96, however, the judges of the superior court, district court and county courts in each province are to be appointed by the governor in council, and by section 100 the salaries, allowances and pensions of the judges must be fixed and provided by the parliament of Canada. Several of the provinces have by reason of increased judicial work provided for additional judges, and it is now necessary for parliament to authorize payment of their salaries when they are appointed.

There were three matters raised by hon. members at the resolution stage, and perhaps I might deal with them now.

(Translation):

The hon. member for Lapointe (Mr. Gregoire) has asked whether an inquiry had been made as regards the appointment of those eight new judges for the province of Quebec and whether the Minister of Justice was of the opinion that eight new judges would be a sufficient number.

I hope I have answered those questions in the comments I just made. Otherwise, I would add that under the constitution, the province itself determines the number of judges it needs. It must pass an act authorizing the federal government to appoint a sufficient number of judges for the administration of justice in the province.

As regards the province of Quebec, this act has been passed and this is why this bill is now before us.

(Text):

The hon. member for Greenwood (Mr. Brewin) made some reference to discussions that might be held or which were held between the Minister of Justice and the attorneys general of the various provinces. All I can say in that respect is what I have already indicated in my remarks with reference to second reading: that is the prerogative of the provinces by legislation to indicate to parliament whether or not additional judges are required. I do not think that in itself is sufficient. I still think that, notwithstanding that, although the provinces may not agree with this, there is a certain responsibility thrust upon the Minister of Justice to make inquiries. I may say that I have made inquiries of the chief justices of some provinces, the attorneys general of other provinces, and the associate chief justice in other cases.

In so far as the hon. member for Timiskaming (Mr. Peters) is concerned, who complained that one judge has been sitting on an arbitration for 11 months, this unfortunately is the case from time to time. But it is not the general rule. There are exceptions, and I am sure the house would be the first to appreciate, and I believe approve, in certain cases at least, the appointment of judges to certain tribunals having to do with arbitration. But I presume there will be a greater discussion of this when we get into committee and discuss the clauses.

Hon. George C. Nowlan (Digby-Annapolis-Kings): Mr. Speaker, this is technically the second reading of the bill, but it is much easier in a clause by clause study to deal with it in detail in committee rather than when discussing the general principle. I intend to take only two minutes on second reading just to follow up the suggestion of the minister on a matter to which I think he should give pretty careful consideration. I have just glanced over the suggested increases and I think the house will agree that they are on a reasonable but fairly generous scale. As some of us know, there have been cases in the past where judges have had to take on extra curricular activities, shall we say, either because it was of the custom in the area, or because in other cases quite frankly they needed to earn additional money. It would appear to me that the salaries which are suggested here—and I know a certain predecessor of the minister felt very strongly about this matter—are such that the minister should be very careful in exercising his discretion in permitting judges to undertake any extracurricular activities outside of their appointment to the bench.

That is, of course, a matter with which the minister will have to deal. I realize there are cases where it is desirable in the public service that certain judges be authorized to do that; but there have been many complaints from some areas of judges spending so much time on commissions and on various references that they either did not have much to do on the bench, or if they had they did not spend much time on it because they were spending too much time off the bench.

Second—again this is a matter for committee—there is no reference to pensions. I know that pensions in some cases are automatic under the statute. Probably the minister has been told that there were certain classes of judges, from whom I have heard very often, as I am sure he has both in his present position and before he sat where he is sitting now, where an increase has gone through for county court judges and district court judges with no corresponding increase in the pension, and they felt that an injustice had been done. I think that complaint has some merit, and

when we get into committee the minister can discuss further with us the question of pensions for the judges.

Hon. Marcel Lambert (Edmonton West): Mr. Speaker, I have just a few remarks to address to the house on second reading of this bill. I think all hon. members will agree that justice delayed is justice denied, and I must commend the Minister of Justice (Mr. Chevrier) for carrying out a great deal of the work which had been done by his predecessor toward achieving the result arrived at at the present time. We know that in many provinces, because of increased population and business activity, and what have you, there are interminable delays in hearings as a result either of a paucity in the number of judges or because some judges, as my colleague from Digby-Annapolis-Kings (Mr. Nowlan) indicated, have been occupied with matters outside their normal judicial functions. The minister has rightly said that the question of increases in the numbers of judges in the various provinces is one for the provincial legislatures concerned. I commend him for his attitude, that the role of the Minister of Justice in this regard should not be entirely passive. I have had some experience with my own province in this connection and I know that a prod from the Minister of Justice can bring about appropriate results. I believe this applies, also, to the other provinces.

Another point with which the minister might concern himself has to do with the administration of justice generally. It goes to the question of whether justice is done. Unfortunately, there are a certain number of judges who show a degree of procrastination in getting out judgments. Some judges are more notorious than others in this regard. I think a periodic review of some sort might be undertaken; a prod here and a prod there from an official source might help to remedy the situation. We know that judges working on crowded calendars tend to deal with those matters which are relatively simple and to lay aside those which are complicated. The first thing we know is that, notwithstanding all the goodwill which exists, there is an accumulation of reserved judgments. I suggest the minister might look into this and institute a periodical review.

An increase in the number of judges in Alberta at the level of the court of appeals as well as an increase in the salaries has been much in the minds of the hon. members from the province. A number of us are lawyers and we have continuing contact with the courts of that province. I should like to point out that the hon. member for Bow River has been a member of the committee of the Canadian bar and has made recommendations with regard to this question in the past. I think that with the level of salaries now proposed we should be able to attract the right type of man. There are things that a man has to give up when he leaves private practice to become a judge. This is only a measure of compensation. With regard to the proposed increase in the number of appeal judges in Alberta, may I say this will be of great help because it would permit the court to sit in two sections and do more than double the work the present court can now accomplish.

With these few remarks I commend the government on the introduction of this bill and express the hope it will readily pass.

Mr. R. Gordon L. Fairweather (Royal): I have here one of two notes I should like to interpolate for the house. I had an idea, earlier, of making an extended address. However, I see it is getting late.

I wish to indicate immediately my support for the purpose behind this bill. As a member of the New Brunswick bar I have long felt that judges of the superior, district or county courts are grossly underpaid and I am pleased the government has recognized this fact. The Canadian Bar Association has recommended, I understand, that the increase be 50 per cent of present salaries. The bill before us does not provide quite this amount but it is still an indication that the government recognizes the seriousness of the situation which exists as far as the bench of Canada is concerned.

The national commission for the administration of justice has been studying what it feels to be the vexing problem of judicial districts. I hope the Minister of Justice will vigorously pursue the objective of redefining the area of responsibility of county and district judges in consultation with provincial attorneys general. It seems to me that in 1963 county judges must have over-all jurisdiction within the province and not be confined as they are at the present time within ancient boundaries no longer having any relevance in these days of rapid communication and changing living patterns. As an example, in my province of New Brunswick, the superior court and the county court meet on Tuesday of the week. If one is a historian and investigates this, he finds it is because it was the feeling of the officials that judges could not get to their respective county seats before Tuesday, having in mind the transportation facilities available. This, of course, is an ancient clutter of the law. There is no reason why courts should not start their work on Mondays. I hope the minister will look into this situation.

I have here a comment concerning the amendment to the Judges' Act which was

passed in 1960, and I see I have classified this as an urgent matter. That amendment made it compulsory for superior court judges to retire at 75 years of age. I had the privilege, when I was in another office, of recommending this change to the cabinet of New Brunswick and it was unanimously adopted by all the provinces as well as by the government of Canada. I think it was sensible legislation but I will allow my heart to rule my head for a few minutes. It seems to me that this legislation might well benefit those judges who have retired between 1960 and today. I intend to ask the minister if he would find out for me how many judges were affected by the amendment to the British North America Act and whether the public treasury would be subject to an intolerable burden if these judges or their dependants could be brought under a scheme enabling them to enjoy the wider benefits which are inherent in the present legislation.

The hon. member for Greenwood (Mr. Brewin) who is now surrounded by a covey of advisers, in a most interesting address at another stage of this bill mentioned the subject of judges who were given other responsibilities, and I feel this is a matter which the house should consider. Here I am treading on Ontario soil, and I am told that for a lower Canadian to tread on Ontario soil is dangerous. I am told there are district court judges in Ontario who have other responsibilities; that there are some, for example, who are chairmen of liquor boards. Then, in a most interesting juxtaposition there are others who are chairmen of milk boards. Whether this is a puritan counterposition I do not know. I am new at this; but I feel that if judges are to become chairmen of provincial boards they should be required to withdraw their demands on the public treasury in relation to their judicial functions. Either they should be chairmen of milk boards and liquor boards or they should be county or district court judges. I know that the national association for the administration of justice has considered this matter and is concerned about the extracurricular duties of judges. I have in mind two rather recent instances of judges serving in other capacities. One is a highly respected judge of the supreme court of New Brunswick who was called upon to be chairman of a commission to investigate the liquor laws of that province. I think this justice was placed in a most invidious position. I am speaking here with all the protection afforded by this house, but I think that this is a wrong avenue for judges to exercise their responsibilities. I have no criticism of the particular judge. I admire him; but I think that judges should not be called upon to exercise duties for which the provincial authorities seem unable or unwilling to find people to carry out these responsibilities, and so they slough them off on our supreme court judges.

Although I have no evidence to support my statement, I understand that some of the wealthy provinces, such as British Columbia —here I am looking at the Minister of Forestry (Mr. Nicholson)—pay their superior court judges extra—well, I will just say "extra" in quotation marks and leave it dangling like that.

Mr. Nicholson: The hon. member is wrong. It is county court judges, and it is paid for doing surrogate court work.

Mr. Fairweather: I am not going to argue with the hon. gentleman whose experience is much vaster than mine, but may I put it this way: There are provinces in Canada that pay an extra amount to judges. I am not going to single out any province, but I think this is quite wrong in principle. This is a multi-provincial problem and it should be faced in the same way across Canada. I hope the minister will keep this in mind when he is making appointments. In the first place, judges should not be paid anything extra because of the province in which they happen to serve and, second, they should not be asked to carry out extracurricular duties by reason of their independent status.

Lastly, may I make a plea with regard to judges' expense accounts. I was going to refer to the Minister of Citizenship and Immigration (Mr. Favreau) with a pleasant adjective and I cannot think of one, but the feeling is in my heart. He has had experience in the Department of Justice and I say to him: For heaven's sake, can we not allow judges to submit their expense account without having some official check them? The position of judge is the most senior position at the hand of the Prime Minister and the cabinet. Surely if we trust judges to administer the law and to make decisions affecting our lives and liberties we can trust them to furnish expense accounts that do not need to be checked by officials. This is quite a serious thing with many of our judges, and I hope that under the administration of the present minister this petty problem will be solved at an early date. This matter has also been discussed by the national commission for the administration of justice. I think that judges should not be subjected to this invidious checking by people who have no idea of the problems that judges have to face.

To sum up, may I say that I am in favour of the increases. I had hoped they would be those that were recommended by the Canadian Bar Association, namely, 50 per cent of

the present stipend. May I urge the minister to check on the problem of extracurricular milk and liquor board duties that are engaged in by some of our judges. Lastly, I ask the minister to respect judges' expense accounts by not checking them.

(Translation):

Mr. Remi Paul (Berthier-Maskinonge-Delanaudiere): Mr. Speaker, as a member of the Quebec bar, I am pleased to congratulate the government on this sound initiative following on the legislation adopted by the province of Quebec to add eight new judges to the present bench of the superior court. In the second place, I wish to congratulate it for having understood the truly remarkable task performed by the judges of the superior court in the province of Quebec. Their work is sometimes very heavy and, unfortunately, it should be added that their task is not always easy, due to the lack of co-operation on the part of the members of the bar who too often find some reasons for not proceeding, with the result that, in almost all judicial districts, there is an incomprehensible load of pending cases. It happens at times that contending parties have to wait 18, 20 and even 24 months before their case is heard before the judges of the superior court.

As far as Quebec is concerned, a suggestion might be made, which does not concern federal authorities, but which nevertheless deserves consideration. It would be advisable to extend the jurisdiction of the magistrate's court to cases involving up to $500 instead of $200, which would help clear out the rolls of the superior court, in addition to permitting the dispatch of cases pending before our courts.

Judges of the superior court, the itinerant judges as well as those residing in the city of Montreal who must visit many judicial districts, carry out a truly remarkable task, because they are very humane in the performance of their duties and anxious to help lawyers, especially those from the rural areas.

To my mind, and whether my colleagues in the large cities like it or not, hon. judges very much like to have members of the rural bar plead, because the latter are, perhaps, those who prepare their cases best. And here, I would be remiss not to suggest to the Minister of Justice to give special consideration to a request which was unfortunately not granted by the last government, that is the perpetual request by the rural bar association of the province of Quebec for better representation and better treatment as far as the choice of superior court judges is concerned.

I have great respect for the large city lawyers, more particularly for those in Montreal; but the recruiting is, from my humble point of view, too frequently limited to the city of Montreal, whereas members of the rural bar are overlooked in appointments to the superior court. Every year, or at least almost every year, a resolution is passed by the rural bar association to that effect, but the government, whichever it may be, does not seem quite to realize the significance of that issue. I think that the members of the rural bar are entitled to a better treatment than the practising members of the rural bar in the judicial districts of the province of Quebec are now getting.

Those are, Mr. Speaker, the few remarks I wanted to make in the house, and I am sure that the judges of the superior court and of the court of appeal in the province of Quebec will be delighted with this legislation which was needed for quite some time, and which is particularly well deserved because of the truly magnificent work accomplished by the judges of those two courts.

I trust that the Minister of Justice, when he will consult his cabinet colleagues, will look after the needs, and more particularly the very legitimate claims of the rural bar in the province of Quebec. It would be desirable that at least three of those eight judges be chosen among the members of that bar, when the government proceeds with the needed appointments.

(Text):

Mr. Eldon M. Woolliams (Bow River): Mr. Speaker, I join with others in congratulating the Minister of Justice (Mr. Chevrier). I think that all members on both sides of the house certainly must commend the minister today upon bringing forward this particular bill relating to our judges. I think a member who has sat in this house for even the short time I have appreciates that the Minister of Justice is a man who is equally fluent in the French and English languages, is perfectly bilingual, and that all lawyers respect him as one of our gentlemen members of the bar. We are very happy to see him in his position of Minister of Justice.

I know the minister would not mind me saying at this time that a lot of credit is due the Canadian Bar Association and particularly Mr. Pattillo, who worked with this committee, and met not only with this government but the previous government to discuss

problems relating to increases in pay for those people who are dedicated to public service, the members of our judiciary. I listened with great interest to an hon. member who is also a member of the Alberta bar. I may say to the minister that in the province of Alberta we feel we have a very fine court of appeal. I do not believe we have ever had a complaint from the Alberta bar or the Canadian bar in reference to our court of appeal. They have always given good service not only to the members of the Alberta bar but to the members of the bar of other provinces. They have always been prompt in delivering their judgments.

I think, too, we have been very fortunate in that province in the calibre of the men we have had, no matter which government has made these appointments. Our judges are of a high standard, not only in the court of appeal, the trial division, but in our county courts as well. There have been occasions when we have had the odd judge delay a judgment. I think, when it comes to getting work done the most important position in these courts is that of the chief justice. If the chief justice organizes the work with the members of the bar, they can avoid a lot of headaches. I know that many of our judges, particularly in the trial division, state that on some occasions there may be nine or ten cases set down for trial during a week. When the cases are called there are only three or four ready to go ahead. In some cases it is not the fault of the members of the bar, but their clients or witnesses are not ready for litigation at this time.

So far as the bar of Alberta is concerned, I can safely say they get good service from the court of appeal, the trial division and district courts. I should like to mention also that I feel the three most important things to consider in choosing a judge are the character of the person, his experience and his understanding of human nature. Of course some people say, probably in a humorous vein, that if they have a little knowledge of the law that is helpful also. Seriously, so far as that province is concerned, I do not believe we have any complaint.

I should like to pay respect to two men who have dedicated their lives to the service of the bench. I practised in Saskatchewan for ten years and I have practised ten years in the province of Alberta. The chief justice of Saskatchewan, Mr. Justice Martin, served his province for, I think it was 25 or 30 years on the bench. He did a tremendous job and left an impression not only on most members of the bar who appeared before him but other members of the bench. I should like to mention also Chief Justice Clinton Ford of the province of Alberta.

I do not want to delay this measure, but I should like to congratulate the minister once again. I do not think anyone could say that there has not been action on the part of the government today. This should go down in the history of Canada as one of those days that was very important to those men who serve the interests of the public.

Mr. H. W. Herridge (Kootenay West): I did not intend to say a word in this debate, but I rise to say one or two things that have come to my mind this evening. First of all, like other members of this group, I support the principle of this bill. I must say that I have had very happy associations with a number of supreme court judges and county court judges in British Columbia and realize the valuable work they have done and the valuable function that they perform on behalf of our democratic society. I think Canadians, in the last week or two, must have had that brought to their particular attention because of the illuminating report of Mr. Justice Norris in respect of the ruthless dictatorship of Mr. Hal Banks over the members of the seafarers international union.

Then, this evening we heard of the decision of Mr. Justice Lett of the supreme court of British Columbia in respect of Premier Bennett's acts of piracy in connection with the takeover of B.C. Electric. I think in one instance we found one justice protecting human rights, civil rights, and the other one protecting property rights in the right sense of the word. We are all in favour of public ownership, but we believe in the rule of law, and those things being done so that everyone's rights are respected. When things are brought to a conclusion, everybody realizes they have received justice under the law.

I rose, Mr. Speaker, simply to make these few comments on this particular situation that exists this evening.

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

On clause 1—*Salaries of judges of Supreme Court of Canada.*

Mr. Nowlan: I do not know whether the minister is prepared to deal with detailed questions at this time. I certainly do not want to go into too much detail anyway, but I mentioned earlier that the statutory provisions for pensions of judges are separate and apart from the salary schedule which we have before us. However, I can remind the minister fairly forcibly, as I have been reminded forcibly by friends of mine on the bench, that at least on one occasion when an increase was put through in the salaries

of judges someone overlooked amending the pension statute. Although the judges, in this case the county court judges, received a salary increase from $8,000 to $10,000, the pension remained payable and is still payable on the basis of the original statute.

I would hope that amongst the matters with which the minister will deal will be the pension legislation. I hope it will be amended so that, if necessary, it will reflect the increase in the salaries, if that is the desire of the government and I presume it is; and I would suggest to the minister that he look also at this matter to which I referred, namely the increase in salary for county court judges some years ago. Since I came here I have been told very forcefully, one might say blasphemously but of course judges never swear, that the increase in salary was effective, but someone overlooked the increase in the pension. That was one category of judges to whom the increase did not apply. I would hope the minister would take a careful look at this point.

Mr. Chevrier: I can assure the hon. member for Digby-Annapolis-Kings that there was careful consideration given to the question he has raised with respect to pensions. Not only was consideration given but representations were made by several groups. However it was thought inadvisable to put them in this bill.

If one looks at the increases, which the hon. member earlier said were on the generous side, then one can come to no other conclusion but that the annuities, because of the increases, will be increased as well; but the whole question of pensions, annuities and survivor benefits would have meant a tremendous increase in the cost to the treasury, and after careful consideration the government decided to present the bill, as it now is, to the house.

Mr. Nowlan: You might take a look at that one particular class to which I have reference, the county court judge class.

Mr. Chevrier: I should be glad to do so.

Mr. Fairweather: Is the minister in a position to answer my question about judges who might have retired as a result of the amendment to the British North America Act, and the consequent amendment to the Judges Act, retiring judges at 75 years of age?

Mr. Chevrier: The hon. member for Royal has posed a number of questions and I do not know whether he wants answers to all of them.

Mr. Fairweather: I do indeed.

Mr. Chevrier: I am hoping it will be possible to get this legislation through tonight; if not, I will be in the hands of the house. His main question related to how many judges were affected by the amendment to the British North America Act, passed in 1960. The answer is 160. Then there was also the question of the cost. I am unable to give the amount but I would say there would be a fairly substantial amount of money involved.

Mr. Fairweather: Could the minister advise whether these judges who are presiding over milk and liquor boards in Ontario will be entitled to this increase, and at the same time be milk men and liquor men?

Mr. Chevrier: This question of the extracurricular activities of the various judges affects not only the judge or judges which the hon. member has in mind but, as I said earlier, there are not nearly as many as the committee might think. In the case of Ontario I do not think there are more than three or four, and this bill does not affect them. In order to do so I think one would have to amend the act, and the government did not see fit to do this because of the small number of them.

If the act were amended, then they would have to cut out these extracurricular activities, and I do not think we would be prepared to do this because of the numerous demands that come in from provincial governments and which are sometimes difficult to resist. The appointments are made by the governor in council, on recommendation of the Minister of Justice after careful consideration; but the one my hon. friend has in mind was made some time ago.

Mr. Fairweather: I know the minister is anxious to have the bill pass, but it seems to me that some years ago there was a feeling there would be an option for these judges. I am glad the minister tells us there are only a few of them, and they could either put up or shut up, if that is a judicial term to use. They could either accept this increase and get out of their extracurricular activities, or else not be obliged to receive the extra indemnity. To me this would be reasonable.

Perhaps this is the wrong place to discuss it, but for instance the judge of the county court of York, as I understand it, earns more than the chief justice of Ontario, with extra and fringe benefits. This is a wrong principle and I hope the minister will courageously pursue the ending of this system. Does he earn more than the chief justice of Ontario?

Mr. Chevrier: Is the hon. member referring to the chairman of the liquor control board in Ontario?

Mr. Fairweather: Yes.

Mr. Chevrier: Under the new bill he will not.

Mr. Fairweather: How close will he come under the new bill? I think it is quite a wrong principle.

Mr. Chevrier: I have no objection to discussing this, if that is the wish of the committee, but I would bring it to the attention of the hon. member that if we are to go into these extracurricular activities, then one cannot select one particular judge. One must go over the whole field; and then if we get down to police magistrates we will find that there are police magistrates in certain parts of the country who are getting far more than judges.

Mr. Fairweather: That is quite correct.

Mr. Chevrier: But police magistrates do not come under the jurisdiction of this parliament. They fall under the jurisdiction of the provincial legislatures, and certainly this is the case in Ontario.

(Translation):

Mr. Paul: Could the minister inform the house whether the government of the province of Quebec has officially informed the Department of Justice, in Ottawa, about the passing of the bill so that they could proceed with the appointment of superior court judges for the province of Quebec?

Mr. Chevrier: Yes, a bill was passed by the province of Quebec legislature, and it is for that reason that we are discussing this bill at this time, the second part at least, together with the recommendations made by the other provinces.

Mr. Paul: But was the Department of Justice officially informed by the province of Quebec legislature of the adoption of such a measure?

Mr. Chevrier: Yes, and later on through conversations I had with the attorney general.

Mr. Paul: Does the bill provide for the appointment of judges for designated judicial districts?

Mr. Chevrier: Yes.

Mr. Paul: Does the minister intend to proceed with the appointment of those judges before the opening of the courts?

Mr. Chevrier: Well, if this bill is adopted, I should like to see these judges appointed for the fall sittings.

Mr. Martineau: Mr. Chairman, I should like to ask a supplementary question. Could the minister tell the committee to what judicial districts have been assigned the eight judges of the superior court?

Mr. Chevrier: Yes. There are three for the Quebec district, three for the Montreal district, one for the district of Hull, and one for St. François-Bedford district.

Mr. Forest: Mr. Chairman, on behalf of the hon. members who sit on this side of the house, I would feel remiss were I to let this opportunity go by without congratulating the Minister of Justice for this bill concerning the salary of judges in the different courts.

Due to the late hour, I will have only a few words to say on this bill which not only provides for a well deserved salary increase for the judges in the various courts, but deals also with the appointment of eight new judges to the superior court to fill a very great need. As you know, this is a civil law court in the province of Quebec. I also congratulate the minister for acting with such speed.

I remember that for many long years members of the bar, with the support of the newspapers, the trade unions and a host of public authorities, have been requesting the appointment of additional judges to the superior court. However, it was only in the last few weeks that the premier of Quebec, Mr. Jean Lesage, realized the situation and authorized the appointment of eight new judges in the districts mentioned by the Minister of Justice, particularly the district of St. François-Bedford. I am sure that the appointment of a judge in the St. François-Bedford district will greatly speed the administration of justice.

I take this opportunity for congratulating the Minister of Justice who, in such a short time, has done all he could to help the administration of justice. This is characteristic of the dynamic spirit of the federal government.

In addition, I hope the Minister of Justice will appoint those judges to the superior court before the fall sittings, which will make for a better administration of justice at the very beginning of the court hearings in September.

Since I do not want to delay the passage of this bill, I conclude my remarks by offering, on behalf of the lawyers from the province of Quebec and the hon members sitting on this side of the house, my congratulations to the Minister of Justice for this timely legislation.

(Text):

Mr. MacEwan: Mr. Chairman, I do not want to hold up the bill and in order to accelerate its passage I just want to ask the minister a question regarding clause 5.

Mr. Chevrier: Could we get clause 1 through first?

Mr. MacEwan: If you wish to take it that way, that is fine.

Mr. Chevrier: I would prefer to do that.

Mr. MacEwan: All right; as long as clause 5 does not pass until I have raised this question.

Mr. Baldwin: I have just one question, Mr. Chairman, in the light of what the minister said when he introduced this measure. With regard to the two sections of the British North America Act dealing with the administration of justice and the appointment of judges, I wonder whether the minister would find an opportunity before this matter is completed to obtain an opinion from his officials as to whether or not under section 96, dealing with the appointment of judges, the Minister of Justice has the right to indicate what should be the limitations upon the duties of judges so far as matters apportioned to them by provincial governments are concerned.

This is a matter I have had under consideration for some time. I know that in our province, for example, the surrogate and estate court work is something in regard to which county court judges have been assigned duties, and it functions very well; but under section 96 I am wondering to what extent the minister, in making an appointment within the four corners of that section, can limit what shall be the duties of the judge.

Mr. Chevrier: Mr. Chairman, my understanding from the officials of the Department of Justice is that the sole right of the Minister of Justice is to appoint.

The Chairman: Shall clause 1 carry?

Mr. Peters: Mr. Chairman, I do not wish to take up any time on this matter but I would like to move an amendment as follows:

That following subsection (b), clause 5, in section 1 of part 1, add subsection (c);
"one puisne judge, for divorce, each $21,000".

The argument could be made that this would be adding to the expenditure of the government, but I would maintain that in view of the resolution preceding the bill this amendment would be in order and could be accepted on the basis of being covered by the original resolution.

Mr. Chevrier: If I might just say one word, Mr. Chairman, this amendment is clearly out of order for the reason that it is not covered by the resolution. It not being mentioned in the resolution, I do not think the hon. member has the right to move such an amendment, because this will mean an additional expenditure to the treasury. Therefore I submit, with deference, that the amendment is out of order.

Mr. Peters: I would be happy to accept the minister's position without any argument and would suggest he could move this amendment and it would not then be out of order. I would be quite happy to have that done.

Mr. Chevrier: I am very grateful to the hon. member for his suggestion, but I am afraid I could not accede to it, at this time at least.

The Chairman: Order. The Chair will rule immediately on the amendment. I think it would probably be admitted by the hon. member who moved this amendment that it is clearly out of order because it introduces something entirely new to the resolution which was before the committee. Shall clause 1 carry?

Clause agreed to.

Clauses 2 to 4 inclusive agreed to.

On clause 5—*Salaries of judges of supreme court of Nova Scotia.*

Mr. MacEwan: Mr. Chairman, I want to ask the minister if he would clarify the change in section 10 of the Judges Act regarding the provision of two additional judges for the supreme court of Nova Scotia. As I understand it, and it is clear here but I am a little thick in the head at times, the present chief justice of Nova Scotia would then become the chief justice of the appeal division, one new judge would be appointed to the appeal division and a judge from the present trial division would also be added to the appeal division of the court; so that finally there would be three judges in the appeal court, including the chief justice, and a chief justice and five judges, instead of the present six, in the trial division of the supreme court of Nova Scotia.

Mr. Chevrier: My understanding is that there will be two additional judges and that new commissions will have to issue. I think the explanatory note is quite clear as to what the intention is. The judicature act of the province of Nova Scotia provides for this. It does not follow that this will be done; it will depend upon whether or not the act is proclaimed by the province of Nova Scotia. If it is, then consideration will have to be given to these appointments by the federal government.

Mr. MacEwan: I understand there was legislation before the house in the twenty fifth parliament regarding this matter and it was certainly conditioned on the proclaiming

of the Nova Scotia judicature act. But there was legislation before the twenty fifth parliament in this regard.

Mr. Chevrier: Yes.

The Chairman: Shall clause 5 carry?

Clause agreed to.

Clauses 5 to 8 inclusive agreed to.

Title agreed to.

Bill reported.

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

Mr. Churchill: Next sitting of the house.

BUSINESS OF THE HOUSE

Mr. Churchill: Mr. Speaker, I have two questions for the house leader. One, what is the business for tomorrow; second, is he prepared to give us a forecast of the business for the rest of the week so we can determine how long the session will continue?

Mr. Pickersgill: Mr. Speaker, I am really grateful to the hon. gentleman for putting the question the way he has, because I think I had better indicate first, as clearly as I can see it now, just what business there still is that the government feels must be done, if at all possible, before we have an adjournment.

There is the third reading of the two bills that we completed in committee stage today, which normally are not even announced but which would be the first things taken tomorrow. Then there is the completion of the committee stage and the third reading of the excise tax bill; there is the committee stage and third reading of the economic council bill; and second reading, the committee stage and third reading of the municipal development and loan board bill. There is also the bill on the surcharge order, which I think is on the paper for second reading at the moment. Then there is the bill about the bridge across the St. Lawrence river which has already passed the other place, and I am very hopeful the house will be able to find a few minutes to dispose of it.

Mr. Nowlan: Interim supply.

Mr. Pickersgill: Yes.

Mr. Knowles: Let us do the bridge bill now.

Mr. Pickersgill: Well, as it does not have to go to the other place, if hon. gentlemen are in a mood to put anything through we might put the economic council through now.

Some hon. Members: No.

Mr. Pickersgill: The only other item I can think of, and I am speaking from memory because I went over the order paper not long ago, is the possibility that there may have to be a request for some legislation arising out of the Norris report, but I am not able to say more than that.

Mr. Knowles: Has the minister not forgotten one important item, interim supply?

Mr. Pickersgill: There was an exchange between the hon. member for Digby-Annapolis-Kings and myself that the hon. member perhaps did not hear. No, I have not forgotten that. So I think the order will be as follows: the excise tax, the economic council, the municipal development and loan bill, the surcharge order, interim supply and the bridge bill. There may be something arise between now and the end of the week which none of us can foresee, as has happened before, but I sincerely hope there will not be.

Mr. Churchill: We will try to think of something.

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

HOUSE OF COMMONS

Tuesday, July 30, 1963

The house met at 2.30 p.m.

MISCELLANEOUS PRIVATE BILLS

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

DRUGS AND PESTICIDES

PERSONNEL OF SPECIAL COMMITTEE

Mr. Alexis Caron (Hull) moved:

That the special committee on drugs and pesticides appointed July 26, 1963 be composed of Messrs. Armstrong, Asselin (Richmond-Wolfe), Baldwin, Basford, Cashin, Casselman, Mrs., Côté (Longueuil), Enns, Fairweather, Francis, Gauthier, Harley, Howe (Hamilton South), Mitchell, Nesbitt, Orlikow, Patterson, Pennell, Pilon, Roxburgh, Rynard, Valade, Whelan, Willoughby.

Motion agreed to.

(Translation):

CANADIAN FLAG

INQUIRY AS TO CONSIDERATION BY COMMITTEE

On the orders of the day:

Hon. Leon Balcer (Three Rivers): Mr. Speaker, I wish to direct a question to the Prime Minister. Can he tell the house if a ministerial or interdepartmental committee has been set up to study and prepare a preliminary design for a distinctive national flag?

(Text):

Right Hon. L. B. Pearson (Prime Minister): No, Mr. Speaker, there has been no subcommittee of the cabinet appointed on this subject.

(Translation):

Mr. Balcer: Mr. Speaker, I wish to ask a supplementary question. Can the Prime Minister assure the house that the country will be given a distinctive national flag on or before April 8, 1965, as he has already promised?

(Text):

Mr. Pearson: Yes, Mr. Speaker, I have already answered that question in the affirmative. I am glad to repeat the answer now.

(Translation):

Mr. L. J. Pigeon (Joliette-L'Assomption-Montcalm): Mr. Speaker, I wish to ask the Prime Minister a supplementary question. Will it be the same with regard to the adoption of an official national anthem?

(Text):

Mr. Pearson: Yes, Mr. Speaker, the same stand was taken in regard to a national anthem.

AGRICULTURE

CHEESE—REASON FOR REDUCTION IN SUBSIDY

On the orders of the day:

Mr. L. E. Cardiff (Huron): Mr. Speaker, I have a question for the Minister of Agriculture. Was the 1 cent taken off the cheese export subsidy to save the government $200,000, or was it done on the advice of the national dairy council to force the cheese producers to price themselves out of the United Kingdom market?

Hon. Harry W. Hays (Minister of Agriculture): In connection with the question of the hon. member, there is a long and complicated story as to how the stabilization board operates so far as cheese is concerned, but the answer to the question is that there was a subsidy of 4 cents a pound on cheese which was recommended by the stabilization board. The stabilization board felt there should be a reduction of 1 cent because it was not required any longer with Canadian cheddar cheese, which was selling at a premium in Great Britain; so they recommended that the 1 cent be taken off.

I can assure the hon. member that Canadian cheese in Great Britain is selling at a premium, and there is a big difference between New Zealand cheese and Canadian cheese. He might also be interested to know that the price of milk used in the manufacture of cheese is now higher than it has been for a number of years. I think the producers are quite happy about this, and there is still a big demand for Canadian cheddar cheese.

With regard to the second question, I can assure the hon. member that the cheese board have no intention of putting anyone out of business. All they are interested in is selling as much Canadian cheese as possible, and this is being done. We could sell more cheese than we are manufacturing, and we are trying to convert from butter to cheese. In this regard we had a big disappearance of butter from the market last May and a larger one in June.

Mr. H. A. Olson (Medicine Hat): A supplementary question. I should like to ask the Minister of Agriculture whether any special concerted action is being taken to sell some of the surplus Canadian butter in Britain, where at the present time there seems to be a shortage.

Inquiries of the Ministry

Mr. Hays: This matter is under study. I believe the Minister of Trade and Commerce was asked about this matter on July 26, and he suggested that there were some complications with regard to selling butter, but that the matter was under review. We will certainly sell butter wherever we can.

IMPLEMENTATION OF FARM CREDIT ACT IN EASTERN CANADA

On the orders of the day:

Mr. Gilles Gregoire (Lapointe): Mr. Speaker, I should like to ask a question of the Minister of Agriculture. Can the minister inquire and report to this house why there are so many delays and refusals in the implementation of the Farm Credit Act in eastern Canada, and especially in the districts of Lake St. John, Saguenay and in my constituency of Lapointe?

Hon. Harry W. Hays (Minister of Agriculture): Mr. Speaker, I am not aware of any delays, but I will be glad to take the question as notice and look into the matter.

Mr. Gregoire: If the minister is not aware of that, is it because he has no time to take into consideration the problems of eastern Canada, or because he thinks there are no problems? I think we need a second minister, Mr. Speaker.

(Translation):

EARLY APPOINTMENT OF MINISTER FOR EASTERN CANADA

On the orders of the day:

Mr. Marcel Lessard (Lake St. John): Mr. Speaker, I should like to direct a question to the Prime Minister.

In view of the pitiful condition of agriculture in eastern Canada, could the Prime Minister assure the house and especially the members from the eastern part of the country, that one of the first pieces of legislation he will introduce when the session resumes next fall will be the bill to appoint a minister of agriculture for eastern Canada?

(Text):

Right Hon. L. B. Pearson (Prime Minister): Yes, Mr. Speaker. We hope to do this very early in the resumed session.

(Translation):

Mr. L. J. Pigeon (Joliette-L'Assomption-Montcalm): Mr. Speaker, I should like to direct a supplementary question to the Prime Minister.

Does he still intend to appoint the hon. member for Matapedia-Matane as minister of agriculture for eastern Canada?

[Mr. Olson.]

(Text):

Mr. Pearson: That will be made clear in due course, Mr. Speaker.

OLD AGE SECURITY

INQUIRY AS TO EFFECTIVE DATE OF INCREASED PENSION

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, may I direct a question to the Prime Minister. May I say that I am not seeking an answer today; I am merely asking that this matter be considered. In view of the statement made yesterday by the Prime Minister that the legislation regarding the Canada pension plan would not be brought back until the fall, will the government consider announcing before this session recesses the actual date on which the $10 increase in the old age security pension will be made effective? As the Prime Minister knows, the Minister of National Health and Welfare said that it would be some time early in 1964. I am asking the government to consider bringing that date forward, but whatever it does, will it let the house know before the session recesses what the date will be?

Right Hon. L. B. Pearson (Prime Minister): Well, we will certainly consider that, Mr. Speaker, and I hope the date will be earlier than my hon. friend fears.

GRAIN

WHEAT, OATS AND BARLEY—FURTHER INQUIRY AS TO INITIAL PRICE

On the orders of the day:

Mr. S. J. Korchinski (Mackenzie): Mr. Speaker, I have a question for the Minister of Trade and Commerce. As a guide in determining whether wheat, oats or barley should be delivered on the initial quota, will the minister inform the house whether consideration is still being given to the initial price, including the $3 a bushel for wheat, or is this idea completely shelved?

Hon. Mitchell Sharp (Minister of Trade and Commerce): The other day I made a statement about the initial prices of wheat, oats and barley for the present year, and I have nothing further to add at the moment.

SASKATCHEWAN—REPORTED INABILITY TO DELIVER QUOTAS

On the orders of the day:

Mr. S. J. Korchinski (Mackenzie): I should like to direct a question to the Minister of Trade and Commerce. As of noon today I was informed by his department that there were still 29 points on a 10 bushel quota.

Since there is only one day of the old crop year remaining, how does he expect to meet his goal of 12 bushels, and how does he expect the farmers to deliver the two bushels in the one remaining day if there are no box cars?

Hon. Mitchell Sharp (Minister of Trade and Commerce): Mr. Speaker, on Friday the hon. member for Moose Jaw-Lake Centre asked a similar question and I promised I would have a statement early this week. I should like to make that statement now in reply to this question. I regret that the statement is rather lengthy, but I feel the subject is probably important enough to warrant it.

The Canadian wheat board has advised me that as at noon today there were 1,891 delivery points in western Canada on a quota of 12 bushels per specified acre out of a total of 1,942. Of the remaining 51 points, 22 of these have been closed and 29, as the hon. member for Mackenzie said, are still on a quota of 10 bushels per specified acre. Of those points on a 10 bushel quota, 25 are located in the province of Saskatchewan and 4 in the province of Alberta. Despite the concentration of shipments between now and the end of the crop year, some of these 29 stations will still be on a 10 bushel quota at the end of the crop year on July 31.

Early in June the board forwarded special questionnaire No. 3 to all delivery points requesting agents to estimate the quantity of all grains deliverable by producers in the 1962-63 crop year. The information received by the board from the agents as a result of this questionnaire showed the following estimates as at June 7, 1963:

	Millions of Bushels
Wheat	430.8
Durum	59.3
Oats	95.1
Barley	77.0
Rye	9.6
Flax	13.7
Total	685.5

Producers' marketings to June 7 totalled 475.4 million bushels, leaving a total of 210.1 million bushels to be delivered between June 7 and July 31 to take all grain off farms. After considering the disappearance in export and domestic markets during the period June 7 to July 31, 1963, it was apparent to the board that it would be impossible to provide space for the delivery of 210.1 million bushels of grain within the period June 7 to July 31. However, in order to permit producers deliveries to the maximum possible, the board decided to set as a target a quota of 12 bushels per specified acre for all delivery points by July 31, 1963, which would involve the delivery of about 153.1 million bushels, thus leaving approximately 57 million bushels on farms at the end of the crop year.

The necessary shipping orders were placed to meet this target and the railways were requested to exert every effort to supply box cars in order that the goal of 12 bushels per specified acre could be attained. The Canadian wheat board states that the co-operation received from the railways has been excellent and the railways are continuing to supply box cars to the maximum extent possible.

However, in an operation of this magnitude it is inevitable that difficulties will arise which will adversely affect some areas. While, in the opinion of the board, these difficulties have not been major, nevertheless they have had the effect of hampering the attainment of the target quota. The latest records available to the board indicate that as of July 24 the estimated quantity still to be delivered to complete a 12 bushel quota was approximately 29 million bushels. The railway companies are maintaining shipments at maximum, and a considerable portion of this 29 million bushels will be delivered to country elevators by the end of the crop year.

In summary, the majority of the shipping points in western Canada will, by July 31, have marketed a full 12 bushel quota. Some points, while on a 12 bushel quota, will not have the opportunity to deliver all the grain represented by that quota, but they will have had the opportunity of delivering all grain represented by an 11 bushel quota. As previously stated, a minimum number of stations will still be on a 10 bushel quota.

The target of 12 bushels per specified acre was based on the information contained in special questionnaire No. 3, to which I have already referred; but since the results of this questionnaire were received a great many points have advised that additional quantities have been revealed which were not reported to the board in the questionnaire.

The board has taken the stand that it cannot give effect to these additional quantities of grain in its computations, as to do so would completely disrupt the plans that were laid with the railway companies to provide box cars on the basis of information previously received as at June 7. There is no doubt this situation has developed because of the excellent crop conditions now prevailing, and producers therefore have decided to deliver stocks which they had been holding in reserve.

The board also advises that instructions in regard to quotas have been issued to the trade that the present crop year will end at

midnight on July 31. The board is not prepared to extend the year end date, as previous experience in this regard has shown that any such action unduly delays the delivery of the unit quota in the new crop year.

The board regrets that this action will doubtless adversely affect, to some degree, a limited number of producers, but in the main this decision will be in the best interests of producers as a whole.

Mr. Korchinski: As a supplementary question, can the minister assure us that the grain will be taken out of these points in such a way that when the new crop comes in the initial crop will be able to be sold?

Mr. Sharp: I am sorry, Mr. Speaker, but I did not understand the question.

Mr. Korchinski: The question is, can the minister assure us that the box cars will be allotted to any of these points that have not been able to deliver in such a way that the initial delivery can be made?

Mr. Sharp: I am sure this will be the intention and objective of the board.

BRIEF RESPECTING ELEVATOR HANDLING AND STORAGE CHARGES

Mr. J. E. Pascoe (Moose Jaw-Lake Centre): I have a question for the Minister of Agriculture which is somewhat related to the statement on wheat made by the Minister of Trade and Commerce. Has the minister any information on the brief presented in Winnipeg to the board of grain commissioners, which is under his department, regarding grain elevator handling and storage charges for the crop year which begins on August 1?

Hon. Harry W. Hays (Minister of Agriculture): No, Mr. Speaker.

Mr. Pascoe: Will the hon. gentleman make some inquiries and report to the house on this matter?

Mr. Hays: Yes, Mr. Speaker.

CANADIAN BROADCASTING CORPORATION

ST. JOHN'S, NFLD.—CONSTRUCTION OF TELEVISION STATION

On the orders of the day:

Mr. Joseph P. O'Keefe (St. John's East): I have a question for the Secretary of State. My question is, what is holding up approval of the Canadian Broadcasting Corporation television station in St. John's, Newfoundland?

Some hon. Members: Order paper.

Hon. J. W. Pickersgill (Secretary of State): I see no more reason why the question asked by the hon. member for St. John's East should be put on the order paper than the question asked yesterday by the hon. member for Port Arthur. I am very pleased, particularly in view of what I thought was an uncalled for reflection by the hon. member for Port Arthur, to which I took no exception, to have an opportunity to put the record straight in connection with this matter.

I might start by saying that the board of broadcast governors has not yet given approval to this matter, and therefore it is not yet within the power of the government to take any action with regard to it. The fact is that certain conditions were attached to this recommendation of the board of broadcast governors on April 5. I could give the house these conditions, but I do not want to go into all that detail. Then on April 17, five days before the present government came into office, the board received a letter from the deputy minister of transport asking to have a clarification of those conditions before a recommendation was made to the Minister of Transport. I am not suggesting this was done by any minister; all I am pointing out is that it was done before the present government came to office. I just want to make the date clear. The chairman of the board replied on April 13 to this effect:

> I shall, as soon as possible, write you further on the other conditions which the board recommended by application in the case of the St. John's station.

I consulted the chairman of the board of broadcast governors this morning and he informed me that on June 28 he wrote to the vice president, corporative affairs, C.B.C., as follows in reply to a letter received from the corporation:

> We are reluctant at this time to spell out more precisely the general conditions attached to the board's recommendations in this case. The expansion of C.B.C. facilities with consequent disaffiliation of private stations is among the matters being discussed by Mr. Ouimet, Mr. Jamieson and myself at the request of the minister (the Secretary of State) and with a view to reporting to the minister. The procedures involved in expansion of the C.B.C. facilities including alternative network service to the disaffiliated stations the availability and economical use of microwave facilities, the relation of assisting rebroadcasting stations to the extension of alternative service, etc. are important. While individual cases may differ in some respects it seems desirable to establish some principles applicable to all cases of the expansion of second service into smaller centres, including St. John's. Agreement on these principles should, we believe, precede a more precise definition of the conditions applicable to the St. John's case and, therefore, we feel we are not in a position to meet the request of the Minister of Transport at this time.

Now, until the board has made that recommendation the government has no legal authority to act.

Mr. C. R. Granger (Grand Falls-White Bay-Labrador): A supplementary question. May I ask the Secretary of State what progress may have been made toward the establishment of radio and television facilities in western Labrador?

Mr. Pickersgill: I made an inquiry some time ago about that, and I know the C.B.C. has given consideration to this matter. I also know there is a large and growing community in this area which has neither radio or television facilities and which is most anxious to get them. As one of the members for Newfoundland I confess I am a little disappointed that this is not going ahead a little faster.

Mr. Jack McIntosh (Swift Current-Maple Creek): Can the Secretary of State tell us what arrangements have been made to supply the residents of southwestern Saskatchewan with these facilities?

Mr. Pickersgill: As the hon. member knows I am rather familiar with and quite sympathetic to the problems of the people of southwestern Saskatchewan. I shall make some inquiries, because I have not informed myself within the last day or two.

Mr. D. V. Pugh (Okanagan Boundary): May I ask a supplementary question.

Mr. Speaker: Is the question urgent? Because this is taking on the nature of debate. If it is urgent, yes.

Mr. Pugh: You may not deem this question to be one of urgency, Mr. Speaker, but I would say it is just as urgent as the other questions have been. Has the Secretary of State looked into the television difficulties of the Boundary section in my constituency of Okanagan Boundary?

Mr. Pickersgill: I will be glad to do so.

Mr. E. Nasserden (Rosthern): I have a supplementary question on this matter. I wonder whether the Secretary of State could tell us whether any further consideration is being given to the problem of establishing a French television station in the province of Saskatchewan.

Mr. Pickersgill: I could not give an answer to that offhand, but I can inquire.

(Translation):

WORLD FAIR

REPLIES TO INVITATIONS TO PARTICIPATE

On the orders of the day:

Mr. Jean-Pierre Côté (Longueuil): Mr. Speaker, I should like to direct a question to the Secretary of State for External Affairs.

Could the minister advise the house as to whether he has received replies, in the affirmative or the negative, from the various countries which were invited to participate in the world fair which will be held in Montreal in 1967?

Hon. Paul Martin (Secretary of State for External Affairs): Yes, Mr. Speaker. Great Britain and Belgium have accepted. Cambodia, the Dominican Republic, Laos, Morocco and Uganda have declined the invitation.

UNEMPLOYMENT INSURANCE

INQUIRY AS TO ACTION RESPECTING FUND

On the orders of the day:

Mr. Raymond Langlois (Megantic): Mr. Speaker, I have a question for the Minister of Labour.

In view of the report which was published today in *La Presse* to the effect that the unemployment insurance fund is $25 million in the red, what steps does the minister consider taking to replenish the fund?

(Text):

Hon. A. J. MacEachen (Minister of Labour): Mr. Speaker, usually at this time of the year the fund begins to replenish itself, and action at the present time is not required in order to assure that benefits will be paid in the usual manner.

TRANS-CANADA AIR LINES

INQUIRY AS TO PURCHASE OF CARAVELLE PLANES

On the orders of the day:

Hon. Leon Balcer (Three Rivers): Mr. Speaker, I would like to direct a question to the Minister of Transport. Is the minister in a position to tell us whether T.C.A. has decided against the purchase of the Caravelle, which was to be built 100 per cent in Montreal, in favour of two other types of medium jets of which only a smaller percentage would be built in Canada, as reported in *La Presse* of Saturday?

Hon. G. J. McIlraith (Minister of Transport): Mr. Speaker, I did not see the report in the paper on Saturday, but no decision has yet been taken on the purchase of additional aircraft by T.C.A. That matter is not yet ready for decision. The reference to the Caravelle is not accurate because the matter has not come forward for decision.

Mr. Balcer: As a supplementary question, could the minister tell us whether the government has asked T.C.A. not to go ahead with any purchase without referring the matter to the cabinet for approval?

Inquiries of the Ministry

Mr. McIlraith: Mr. Speaker, the government has asked T.C.A. not to proceed with the signing of any purchase order until the government has considered it, with particular reference to the Canadian labour content of any possible purchase in Canada.

COMBINES

REQUEST FOR SETTING UP OF MARKETING ADVISORY COUNCIL

On the orders of the day:

Hon. Michael Starr (Ontario): Mr. Speaker, I should like to address a question to the Minister of Justice and ask him whether the government is prepared to accede to the request of the distributive trades advisory committee which presented a brief on July 8 last in which they asked the government to step up a marketing advisory council and to repeal section 34 of the Combines Investigation Act.

Hon. Lionel Chevrier (Minister of Justice): Mr. Speaker, an official of the Department of Justice and the minister listened to the representations that were made on that occasion and are giving careful consideration to the request presented at that time.

(Translation):

STORMS

QUEBEC—REQUEST FOR FEDERAL ASSISTANCE

On the orders of the day:

Mr. Real Caouette (Villeneuve): Mr. Speaker, I should like to put a question to the Prime Minister. Will the victims of the tornado which struck the counties of Chapleau and Villeneuve on June 30 last, sweeping hundreds of farms and causing over $2 million damage, obtain some assistance from the federal government to enable them to rebuild the farm buildings destroyed?

(Text):

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, the government will follow the normal course in this matter; that is, await the request from the provincial government for supplementary assistance to that government. That is the constitutional procedure. We have had no request from the provincial government for that kind of help.

(Translation):

Mr. Caouette: A supplementary question, Mr. Speaker. Does the government take due consideration of requests made by members of parliament when they ask for assistance on behalf of persons of any county in Canada who have suffered some damage? Are those requests duly considered by the government?

[Mr. Balcer.]

(Text):

Mr. Pearson: No. Mr. Speaker. We can only act in regard to this matter when we have received a constitutional request from the province.

(Translation):

FINANCE

INQUIRY AS TO AMENDMENT OF BANKRUPTCY ACT

On the orders of the day:

Mr. L. J. Pigeon (Joliette-L'Assomption-Montcalm): Mr. Speaker, I should like to direct a question to the Minister of Justice. Does he intend to bring in some amendment to the Bankruptcy Act in order to prevent the existing abuses?

Hon. Lionel Chevrier (Minister of Justice): Mr. Speaker, that matter is under study. I must point out to the hon. member that a committee of the Department of Justice has been studying for quite some time the amendments to be made to the Bankruptcy Act.

In this connection a bill was introduced in the other place, and in due time that legislation will be brought before this house because it has to do with an amendment proposed to the Bankruptcy Act.

(Text):

INQUIRIES RESPECTING U.S. MODIFICATION OF TAX IMPOSED

On the orders of the day:

Hon. George C. Nowlan (Digby-Annapolis-Kings): Mr. Speaker, I would like to ask the Minister of Finance a question with respect to a news story which appeared in the press this morning as to a proposed meeting or conference between officials of the Department of Finance and United States treasury officials in Washington. Is the news story substantially correct; when will the meeting be held; what does the minister envisage will be the topics which will be discussed at that meeting and over what period will the meeting take place?

Hon. Walter L. Gordon (Minister of Finance): Mr. Speaker, the hon. member was not quite clear about which news story or what the subject matter was.

Mr. Nowlan: Are you having more than one conference in Washington over the week end?

Mr. Gordon: As I announced yesterday, a senior official of the Department of Finance went down to Washington yesterday afternoon, and I am planning to do down on Friday morning to discuss with the officials of the United States administration the whole subject of their proposed tax on foreign securities.

Right Hon. J. G. Diefenbaker (Leader of the Opposition): Mr. Speaker, would the Minister of Finance be able to say whether discussions are continuing among the various nations in the western world to liberalize the machinery of the international monetary fund to provide for increased world liquidity? Is this matter receiving attention; and what is the general view of the government in this connection?

Mr. Gordon: Mr. Speaker, this matter is being considered and discussed by most of the countries of the western world. It is being considered by this government, and we hope that within a short time we will have some announcement to make about it.

Hon. Paul Martineau (Pontiac-Temiscamingue): I have a supplementary question, Mr. Speaker. Can the minister say which officials will accompany him on his Washington trip?

Mr. Gordon: Mr. Speaker, I do not believe it is customary to name the officials, but as it has been announced in the press I have no hesitation in saying that Mr. Plumptre, the assistant deputy minister, will be one of the officials.

Mr. Pigeon: And experts?

Mr. H. A. Olson (Medicine Hat): A supplementary question, Mr. Speaker. Could the minister inform the house whether the United States officials have indicated that they have encountered any of the difficulties he encountered in administering the proposed tax?

Mr. Gordon: Not to me, Mr. Speaker.

LABOUR RELATIONS

BRITISH COLUMBIA—STRIKE BY FISHERMEN AND ALLIED WORKERS

On the orders of the day:

Mr. Ron Basford (Vancouver-Burrard): Mr. Speaker, I have a question for the Minister of Fisheries. I am wondering whether the minister is able to give the house a report on the possibility of a settlement of the British Columbia fisheries strike.

Hon. H. J. Robichaud (Minister of Fisheries): Mr. Speaker, I regret that I am not in a position at this time to give a satisfactory answer as to the immediate possibility of a settlement of the British Columbia fishing strike. However, with the permission of the house may I read a press release that is being issued at this very moment. It is a joint press release issued by the federal government and the government of British Columbia, and reads as follows:

The federal Minister of Fisheries and the minister of labour for British Columbia met all day yesterday in Vancouver to consider the present crisis in the British Columbia fishing industry. The current dispute is primarily concerned with the minimum prices to be received by fishermen from the sale of fish and no effective procedures presently exist to resolve this problem. In considering the current serious situation it was agreed that the fishermen should be urged to return to work forthwith. While there may be a valid dispute between the union and the fisheries association, it does however prevent the harvesting of this valuable resource. Unless fishing is resumed immediately some runs will be missed completely and some may be damaged by excessive spawning escapement.

The fishery resource is one whose harvest must be kept under strict control. Failure to harvest, with overseeding of spawning beds, could be as disastrous as overtake. A balance has to be maintained to keep stocks at a high productive level.

It is the joint recommendation of both governments that fishing be resumed immediately and that the matters in dispute be submitted to arbitration for final and binding decision. To expedite the proceedings the federal and provincial governments are prepared to appoint on request, if the parties agree, a single arbitrator to commence hearings immediately.

However, no further losses to the workmen, the industry or the national economy should be allowed to continue and hence the recommendation that fishing be resumed forthwith. To seek a long term solution to the problem the federal and provincial governments have agreed to appoint a committee consisting of three representatives of the federal government and three representatives of the provincial government to examine in detail the problems concerned with price and wage disputes in the British Columbia fishing industry and to submit to both governments recommendations of action necessary to minimize interruptions of fishing operations in the future.

[*Later:*]

Mr. T. S. Barnett (Comox-Alberni): I have a question for the Minister of Fisheries arising out of the announcement he made earlier today concerning the appointment of a committee or commission to make a long range investigation into the fishing industry in British Columbia. I should like the minister to inform the house in a more specific way as to the nature of this commission and its terms of reference. If the members have already been chosen I, for one, would certainly like to have that information also.

Mr. Robichaud: In reply I wish to say that the personnel has not yet been chosen, and when the terms of reference have been decided on an announcement will be made.

Mr. Barnett: Can the minister not indicate to the house, at least in a general way, the nature of this commission? Is it to be a joint royal commission set up by the federal and provincial governments, or is it to be a study by a working committee at civil service level to advise the two governments?

Mr. Robichaud: If possible the committee will be formed of civil servants at high level from the Departments of Justice, Fisheries and Labour.

Inquiries of the Ministry

Mr. Barnett: Can the minister advise the house under which department of government responsibility for this committee will lie?

Mr. Robichaud: That decision will be made later.

Mr. Douglas: Will the report of this committee be published?

Mr. Robichaud: I understand the meetings will be held in camera. If the report is to be made public, a decision will be reached at the time in co-operation with the provincial government.

[*Later:*]

Mr. Barry Mather (New Westminster): Mr. Speaker, I have a question I should like to direct to the Minister of Fisheries in connection with the joint statement being made by the federal and provincial authorities urging striking fishermen in British Columbia to return to work pending settlement of their dispute.

My question is, has this recommendation been made directly to the fishermen's association in British Columbia and the fishermen's union, or will they merely read about it in the press release?

Mr. Robichaud: I am sorry, but I could not hear the last part of the hon. member's question.

Mr. Mather: I said, has the recommendation been made directly or formally to the disputants in the proceeding, or will they simply read about it in the press release?

Mr. Robichaud: No, Mr. Speaker, the two parties have not been notified of the decision made by the two governments. They must know by now, since the release was made at three o'clock today.

Mr. T. C. Douglas (Burnaby-Coquitlam): May I ask a supplementary question? Have any of the federal government's conciliation services been made available to these two groups?

Mr. Robichaud: No, Mr. Speaker.

NORRIS COMMISSION—INQUIRY AS TO GOVERNMENT ACTION

On the orders of the day:

Mr. T. C. Douglas (Burnaby-Coquitlam): May I direct a question to the Prime Minister. Last week the right hon. gentleman indicated that there might be legislation arising out of some of the recommendations of the Norris commission before the summer recess. I wonder if he is now in a position to say definitely whether such legislation is likely to be brought down.

[Mr. Robichaud.]

Right Hon. L. B. Pearson (Prime Minister): No, Mr. Speaker, but I hope to be in a position to do so tomorrow.

POWER

COLUMBIA RIVER—EFFECT OF JUDGMENT OF B.C. COURT

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. It is topical. In view of the news that according to the judgment of Mr. Justice Sherwood Lett the greater portion of the property of the British Columbia hydro authority is illegally held, under these circumstances does the minister consider it legal, ethical or wise to continue discussions with the co-chairman of the British Columbia hydro authority with respect to the Columbia river treaty?

Hon. Paul Martin (Secretary of State for External Affairs): Mr. Speaker, as my hon. friend knows the attorney general of the province of British Columbia has announced that the government of that province has decided to appeal the judgment of Chief Justice Sherwood Lett. The matter is therefore sub judice and, of course, does not in any way affect the procedures which I outlined to the house some time ago.

Right Hon. J. G. Diefenbaker (Leader of the Opposition): Mr. Speaker, it would not be sub judice to ask the hon. gentleman this question. In view of the serious consequences that will flow from this judgment, is it the intention of the government of Canada to be represented by counsel on the appeal?

Mr. Martin (Essex East): I will discuss the matter with the Minister of Justice, but I should not think there would be any representation by counsel of the federal government in the matter.

Mr. Diefenbaker: Is it not a fact that if this judgment stands—and I am not criticizing it in any way—it pretty nearly puts an end to the relationship in so far as the Columbia river project is concerned and the co-operation between the government of Canada and the government of British Columbia?

Mr. Martin (Essex East): Mr. Speaker, the right hon. gentleman is of course aware that the province of British Columbia continues to be the owner of the resource, and no judgment of any court can alter that constitutional fact.

Hon. George C. Nowlan (Digby-Annapolis-Kings): Mr. Speaker, I know the minister cannot deal with any discussion going on between nations or between powers, but is

it right to assume that there are discussions going on between the hon. gentleman in his capacity as Secretary of State for External Affairs and the representatives of the United States, to arrange for a postponement of any action which otherwise would be determined upon until this matter goes through the courts, which may take some months or some years?

Mr. Martin (Essex East): The hon. gentleman is quite wrong in the conclusion he draws.

Mr. Nowlan: Which one?

AIRPORTS

THE PAS, MAN.—REQUEST FOR IMPROVEMENT OF RUNWAYS

On the orders of the day:

Mr. Robert Simpson (Churchill): Mr. Speaker, I have a question for the Minister of Transport. Could the minister advise the house whether he has anything further to report concerning any plans there may be for either the repair or the replacement of the runways at the Department of Transport airport at The Pas, Manitoba?

Hon. G. J. McIlraith (Minister of Transport): No, Mr. Speaker, but I will look into the matter and see whether I can give some more information before the house adjourns for the summer vacation.

Mr. Simpson: A supplementary question. Is the minister in a position to say whether there are any other Department of Transport airports in Canada where it has been necessary to place restrictions on aircraft on account of deterioration of runways?

Mr. McIlraith: There undoubtedly are restrictions on some airports in Canada as to the weight of the planes using the airports; but I will follow up on the question of the particular airport in which the hon. member is interested and get whatever information is available either tomorrow or the next day.

(Translation):

HOUSE OF COMMONS

SUGGESTED CHANGE RESPECTING INDEMNITIES TO PARTY LEADERS

On the orders of the day:

Mr. Gerard Chapdelaine (Sherbrooke): Mr. Speaker, may I direct a question to the Secretary of State? In view of the report published in a Montreal newspaper to the effect that the right hon. Leader of the Opposition (Mr. Diefenbaker) yesterday headed a group of ten members who voted against the parliamentary indemnity increase, could the minister tell the house if he intends to amend the bill to reduce from 12 to 10 the number of members a party must have if its leader is to receive the additional amount of $4,000?

(Text):

Hon. J. W. Pickersgill (Secretary of State): Mr. Speaker, I would think the life expectancy of this group is so short that it would not be worth while.

Right Hon. J. G. Diefenbaker (Leader of the Opposition): Mr. Speaker, that is the first time I have ever heard the minister refer to those associated with him as "this group".

Mr. Pickersgill: On a question of privilege, sir, I think the right hon. gentleman must have misunderstood the question. It was the group associated with him to which the question related.

Mr. Diefenbaker: No, you cannot fix it up.

(Translation):

Mr. Georges Valade (St. Mary): Mr. Speaker, I raise a question of privilege. It concerns the question asked by the hon. member for Sherbrooke (Mr. Chapdelaine). Since both the question and the reply referred to a vote taken in this house and our standing orders state that hon. members cannot comment on the stand taken by a member when a question is put to the house—

An hon. Member: What about your leader?

Mr. Valade: I would rather refer to my leader than to yours. The question asked by the hon. member for Sherbrooke was out of order and, therefore, so was the reply. I would point out to the house—

(Text):

Mr. Speaker: Order, please.

Mr. Valade: Mr. Speaker, I have the floor but the Liberal party are obstructing me all the time, as they always do. I believe I have as much right, Mr. Speaker, to raise a question of privilege as the funny man from Bonavista-Twillingate, who raised a point of order. My question is—

Some hon. Members: Oh, oh.

Mr. Speaker: Order, please. I have been listening attentively to the interesting remarks of the hon. member for Sherbrooke and also the hon. member for St. Mary. I think we should leave it there.

Mr. Valade: I did not conclude my question of privilege, Mr. Speaker, because of the obstruction from the other side.

Mr. Speaker: If there was a question of privilege it certainly evaporated in the ensuing discussion.

Inquiries of the Ministry

INQUIRY AS TO PAY INCREASES FOR CERTAIN STAFF MEMBERS

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, may I direct a question to the Minister of Finance. Is the minister yet in a position to indicate whether a decision has been made regarding pay increases for those members of the House of Commons staff who were to get increases along with those given to group D of the civil service?

Hon. Walter L. Gordon (Minister of Finance): Mr. Speaker, I can assure the hon. member that the matter has not been overlooked, and I would think that Your Honour may have some announcement to make in due course.

Mr. Knowles: Could the Minister of Finance say how long "due course" is in this case?

Mr. Gordon: I am hardly in a position to speak for His Honour on that question.

DOMINION-PROVINCIAL CONFERENCE

INQUIRY AS TO INVITATIONS TO YUKON AND NORTHWEST TERRITORIES

On the orders of the day:

Mr. Gene Rheaume (Northwest Territories): Mr. Speaker, on several occasions in this house I have asked the Prime Minister about the possibility of allowing the governments of the Yukon and Northwest Territories to participate more actively in federal-provincial conferences. I wonder whether the Prime Minister is in a position to advise the house of the result of his investigations.

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, the question of their participation in the conference which met last week end was examined, but it was decided not to extend an invitation for this conference. For one thing it would have required the approval of all the provincial representatives. This question has arisen previously, in 1960, when the government of that day decided it was not appropriate to extend invitations of this kind. We are having the question looked into in view of the next provincial conference; but in any event, whether or not the Yukon and Northwest Territories are represented, we will make sure that they are informed of what happened last week end, and that all information which bears on their problems will be sent to them by the minister of northern affairs, who was attending the conference.

[Mr. Speaker.]

BRIDGES

CHAMPLAIN BRIDGE, MONTREAL—ABOLITION OF TOLLS

On the orders of the day:

Mr. L. J. Pigeon (Joliette-L'Assomption-Montcalm): Mr. Speaker, I should like to address my question to the Minister of Transport and receive a direct answer. Can the minister inform the house whether the tolls on the Champlain bridge will be abolished? Yes or no?

Hon. G. J. McIlraith (Minister of Transport): Mr. Speaker, the hon. member evidently has not read *Hansard* carefully or he would have seen that this question was raised earlier in the session, and I answered that the matter was receiving attention. It is under consideration now.

Mr. Pigeon: That is not yes or no.

(Translation):

IMMIGRATION

REPRESENTATIONS RESPECTING RELATIVES OF CHINESE IN CANADA

On the orders of the day:

Hon. Paul Martineau (Pontiac-Temiscamingue): Mr. Speaker, I should like to direct a question to the Minister of Citizenship and Immigration. Did he receive a brief from the leaders of Chinese communities in Canada asking for an improvement in landing conditions of relatives in Canada? If so, could he tell the house what action he intends to take in that regard?

Hon. Guy Favreau (Minister of Citizenship and Immigration): Mr. Speaker, I should like to thank the hon. member for giving me notice of his question before I entered the house.

I take this opportunity to inform the house that some ten days ago the hon. member for St. Paul (Mr. Wahn), accompanied a delegation of Chinese group leaders from Toronto, Hamilton, Montreal and Ottawa, and I wish to call the attention of the house to their serious and reasonable behaviour and representations.

We had quite a long discussion and I pointed out to them that of their three suggestions, two were raising problems of government policy which were at present under study by the officials of my department following instructions I had given them.

As for their third suggestion, it was in connection with problems or difficulties raised by the overflow, shall we say, of procedures to be followed in Hong Kong.

At the present time I am considering the opportunity and even the necessity to delegate one of my officials to Hong Kong and, if it is possible, to go there myself soon in order to see whether the delays could not be reduced.

In any case, my hon. friend and the other members can rest assured that this complex and human interest issue shall be extensively considered and that as soon as it is possible to arrive at a solution, that solution will be submitted to the cabinet in the shortest possible time.

Mr. Martineau: Mr. Speaker, I have a supplementary question. Did the minister or the government give those people assurance that an independent tribunal would be established shortly to look after those applications for admission?

Mr. Favreau: No, Mr. Speaker, I gave no assurance that any particular tribunal would be established. I simply stated that one of the numerous possible solutions which we would have to consider was the establishment of a tribunal or a near-judiciary body which would advise the minister, or some kind of a system of appeal from the decision of the officials. However, no decision has been announced because, of course, until the government has adopted some specific measure, I shall be unable to inform the house; besides, I would not be allowed to do so before a decision is reached.

(Text):

NORTHERN AFFAIRS

WHOOPING CRANES—REPORTED DECREASE IN NUMBERS

On the orders of the day:

Mr. Grant Deachman (Vancouver Quadra): I have a question to ask the Minister of Northern Affairs and National Resources. Has the minister taken note of the current references in the press to the gradual reduction in the whooping crane population which has now declined from 38 to 28—almost in the same ratio as the decline of the N.D.P.—and can he advise what new steps are being taken by the wildlife branch to preserve these rare and curious birds?

An hon. Member: Which; the birds or the N.D.P.?

Mr. Douglas: I can assure the hon. member that the N.D.P. are in no way related to wildlife.

Inquiries of the Ministry

CANADIAN NATIONAL RAILWAYS

ST. JOHN'S, NFLD.—REPORTED LAY-OFF OF DOCK WORKERS

On the orders of the day:

Mr. Richard Cashin (St. John's West): I wish to address a question to the Minister of Transport. Has the minister received any communication or request from representatives of the unions at the C.N.R. dockyard in St. John's, Newfoundland, pertaining to recent lay-offs? If so, would he be willing to meet with a delegation from those unions to discuss this problem?

Hon. G. J. McIlraith (Minister of Transport): The answer to the first question is no. The answer to the second question is yes. But I should add that the Leader of the Opposition asked a question on this subject yesterday. I am trying to get full information to answer that question, and also to see if there is any work available which could be put into that dockyard.

FORESTRY

ONTARIO—RESEARCH INTO DUTCH ELM DISEASE

On the orders of the day:

Mr. Robert Temple (Hastings South): I have a question for the Minister of Forestry. In view of the rapidly increasing prevalence in Ontario of Dutch elm disease, is the minister's department conducting any research into this serious problem?

Hon. J. R. Nicholson (Minister of Forestry): I thank the hon. member for having given me verbal notice of this question. The answer is yes. Although responsibility for the protection of shade trees rests primarily with the municipalities, the Department of Forestry has been conducting intensive research to improve control practices and to develop a cure for this very serious disease. As a result of work done at the forest research laboratory in Quebec a species of elm resistant to the disease has now been developed. These trees are being tested to determine the degree and permanence of the resistance. Upon request the Department of Forestry will provide technical assistance, including diagnostic services, to municipalities and others who are interested in control procedures.

Mr. G. H. Aiken (Parry Sound-Muskoka): On a point of order, Mr. Speaker, today the Minister of Fisheries and the Minister of Forestry have both made statements of the type usually made on motions. These statements have been made, however, in answer to questions. I refer particularly to the statement made by the Minister of Fisheries in

which he said an announcement was being made simultaneously. I wondered at the time whether he would have made the statement in any case if he had not been asked the question. I should merely like to raise the point of order at this time that long and extended statements of government policy ought to be made on motions and not in answer to planted questions.

Mr. Speaker: I think the point taken by the hon. member is quite correct. They were allowed due to the anticipated adjournment of the present session. In view of the fact that there may be only a few more days I thought it would be advisable at this time to let the statements go, but I think the point is well taken. Statements today have been long. If they are going to be that lengthy in the future I do think they should be made on motions, and if questions are to be short I think that replies should be short also, if possible.

(Translation):

PENITENTIARIES

ST. VINCENT DE PAUL—STEPS TO ENSURE SAFETY OF GUARDS

On the orders of the day:

Mr. Raymond Langlois (Megantic): Mr. Speaker, my question is directed to the Minister of Justice.

Does the minister intend to implement the recommendations made by the wives of the guards at the St. Vincent de Paul penitentiary, in order to ensure the security of their husbands?

Hon. Lionel Chevrier (Minister of Justice): Mr. Speaker, I am unaware of representations made along the lines indicated by my hon. friend. When those representations are brought to my attention, I can assure him, as well as other members who would be interested in the matter, that those representations will receive careful study.

Mr. Langlois: Mr. Speaker, I should like to put a supplementary question to the Minister of Justice.

Can the minister tell us the source of the article published in today's *La Presse,* on page 3, in which it is stated that the minister received a delegation of the wives of the penitentiary guards, in Ottawa?

Mr. Pigeon: It is rather the Voice of Women.

Mr. Chevrier: I am not responsible for articles appearing in *La Presse,* the great press.

[Mr. Aiken.]

(Text):

INDUSTRY

DEVELOPMENT BY JAPANESE FIRMS OF NORTHERN IRON DEPOSITS

On the orders of the day:

Mr. R. N. Thompson (Red Deer): Mr. Speaker, I direct my question to the Minister of Industry. In view of the fact it is generally reported that three Japanese steel firms are planning to take part in the development of the iron ore deposits in the Yukon-Northwest Territories border area, with pipe line connections both for ore and oil to the United States coast, could the minister inform us what action the government is taking to see that both the steel processing and oil refinery are established on Canadian soil?

Hon. C. M. Drury (Minister of Industry): Mr. Speaker, I am not entirely familiar with these negotiations, but I would ask my hon. friend to bear in mind that it is the Japanese companies which are proposing to purchase and develop the iron ore. Perhaps the Canadian government is not in a preferred position to demand from them concessions of the type the hon. member mentioned.

ROYAL CANADIAN AIR FORCE

GOOSE BAY—RELATIONS BETWEEN SERVICE PERSONNEL AND CIVILIANS

On the orders of the day:

Mr. R. Gordon L. Fairweather (Royal): Mr. Speaker, I have a question for the Minister of National Defence. Will the minister agree to investigate the report carried in yesterday's Montreal *Gazette* of strained relations between the R.C.A.F. and civilians at Goose Bay, where the disruption has been sufficient to cause the intervention of Premier Smallwood and the making of charges of harassment and countercharges of a vendetta?

Hon. Paul Hellyer (Minister of National Defence): Mr. Speaker, I have not seen the report referred to but I shall look into it.

EXTERNAL AFFAIRS

REQUEST FOR RE-ESTABLISHMENT OF CANADA-U.S. PARLIAMENTARY COMMITTEE

On the orders of the day:

Mr. E. Nasserden (Rosthern): I should like to direct a question to the Prime Minister. In view of the strained state of Canada-United States relations, would the Prime Minister consider activating the Canada-United States parliamentary group with a view to alleviating this situation?

Right Hon. L. B. Pearson (Prime Minister): I do not know of any strained relations since April, Mr. Speaker, but I hope that this joint

committee of congressmen and parliamentarians will be able to meet very shortly.

Mr. Nasserden: A supplementary question. If there are no strained relations then why is the Minister of Finance going to the United States?

Some hon. Members: Order.

Mr. Speaker: Order. Perhaps I can satisfy the hon. member. I have been in active communication with my counterpart in the United States and tentatively the month of January is set as a possible time for a meeting.

PENSIONS

STATEMENT BY MINISTER RESPECTING COST OF PLAN

On the orders of the day:

Hon. Paul Martineau (Pontiac-Temiscamingue): Mr. Speaker, I have a question for the Minister of National Health and Welfare. In view of her reported statement that Premier John Robarts and a group of actuaries were "guessing and guessing wrongly" about the proposed cost of the pension plan, will she tell the house upon what basis her own costs compilation was made?

SHIPPING

ASSISTANCE FOR SHIP CAUGHT IN NORTHERN ICE

On the orders of the day:

Mr. Gene Rheaume (Northwest Territories): Mr. Speaker, I have a question for the Minister of Transport arising out of a newspaper report last evening that the 4,000 ton Danish freighter *Helga Dan* is trapped in the ice some 160 miles east of Resolute bay. Will the Minister of Transport assure me that the services of the icebreakers of his department will be made available to this ship in distress?

Hon. G. J. McIlraith (Minister of Transport): Yes, Mr. Speaker, but I am not sure from the newspaper report what the exact situation is and what is required to free the ship.

TRADE

RAPESEED—REQUEST FOR AID IN SALE TO JAPAN

On the orders of the day:

Hon. Mitchell Sharp (Minister of Trade and Commerce): Mr. Speaker, the hon. member for Humboldt-Melfort-Tisdale in my absence yesterday asked me to report on the inquiries I had been making about the sale of rapeseed to Japan and other countries. I should like to inform the hon. member that in recent months my departmental officials in Ottawa have been in contact on numerous occasions with our trade commissioner's office in Tokyo as well as with Japanese government officials regarding prospects for the sale of Canadian rapeseed to Japan. There is every indication that Japan will import a greater volume of rapeseed from Canada this year than last year. Sales are being negotiated by Canadian exporters with Japanese buyers as well as with European buyers, and it would appear that there will be little difficulty in marketing the Canadian rapeseed crop in our usual export markets, including Japan.

O.E.C.D.—PARLIAMENTARY RATIFICATION OF INCLUSION OF JAPAN

On the orders of the day:

Right Hon. J. G. Diefenbaker (Leader of the Opposition): Mr. Speaker, I should like to direct a question to the Secretary of State for External Affairs. Is it the intention of the government to bring before parliament ratification of the inclusion of Japan in the O.E.C.D. and, if so, when?

Hon. Paul Martin (Secretary of State for External Affairs): Mr. Speaker, this matter is now being considered, and I may have something to say before we adjourn.

AIR TRANSPORT

REQUEST FOR PROTECTION OF PASSENGERS ON CHARTER FLIGHTS

On the orders of the day:

Mr. Fred F. Stenson (Peterborough): Mr. Speaker, I wish to address a question to the Minister of Justice. Has anyone approached him in regard to some type of protection for people taking charter trips out of this country who are being left stranded many miles away from home, such as the group in Britain at the present time?

Hon. Lionel Chevrier (Minister of Justice): Mr. Speaker, the answer is no, and I take it the reason is that a matter of this kind would normally come under the jurisdiction of the Department of Transport, which I think authorizes trips of this kind. If there is a question affecting the Department of Justice and the hon. member will bring it to my attention, I shall be only too pleased to look into it.

NATIONAL DEFENCE

CONSTRUCTION OF FRIGATES FOR CANADIAN NAVY

On the orders of the day:

Hon. Leon Balcer (Three Rivers): Mr. Speaker, I should like to ask the Minister of National Defence if he can tell the house whether he will be in a position to announce a decision on the matter of the frigates and submarines for the Royal Canadian Navy

before the recess, or is he going to make this decision public while the house is not sitting?

Hon. Paul Hellyer (Minister of National Defence): I do not think it will be possible to make any announcement before the house rises, Mr. Speaker, but I hope that a decision will not be too long delayed.

(Translation):

POST OFFICE DEPARTMENT

OTTAWA AND QUEBEC CITY—ISSUE OF SUMMER CLOTHING

On the orders of the day:

Mr. Lucien Plourde (Quebec West): Mr. Speaker, I should like to direct a question to the Postmaster General. Is he aware that letter carriers in Ottawa and Quebec city have not been given summer shirts for more than two years and does he intend to remedy soon that anomalous situation?

Hon. Azellus Denis (Postmaster General): Mr. Speaker, I inquired into the matter. Unfortunately, because of some delay in the carrying out of that contract, the issue of those summer shirts has been somewhat late. However, I am under the impression that there is a sufficient quantity of those shirts today for all those who need them.

(Text):

SENATE AND HOUSE OF COMMONS ACT

AMENDMENTS RESPECTING SESSIONAL ALLOWANCES, TRAVELLING EXPENSES, PENSIONS, ETC.

Hon. J. W. Pickersgill (Secretary of State) moved third reading of Bill No. C-91, to amend the Senate and House of Commons Act and the Members of Parliament Retiring Allowances Act.

Mr. Speaker: Is it the pleasure of the house to adopt the motion?

Mr. Diefenbaker: On division.

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

JUDGES ACT

AMENDMENTS RESPECTING SALARIES, ADDITIONAL JUDGES, ETC.

Hon. Lionel Chevrier (Minister of Justice) moved the third reading of Bill No. C-92, to amend the Judges Act and the Criminal Code.

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

EXCISE TAX ACT

The house resumed, from Thursday, July 25, consideration in committee of Bill No. C-90, to amend the Excise Tax Act—Mr. Gordon—Mr. Lamoureux in the chair.

On clause 4—*Refund of tax paid on goods for use in sewerage or drainage systems.*

Mr. Gordon: During the consideration of clause 4 of the bill last Thursday evening there was considerable discussion concerning the fact that certain areas are not called municipalities, and a number of hon. members offered suggestions about what should or should not be classed as municipalities. I promised to look into the matter, and I have had an opportunity of doing so in the meantime. I have been able to examine carefully the various suggestions put forward by hon. members, and I now have an amendment which the Secretary of State wishes to place before the committee to define the scope of the term "municipality".

When we began to examine this matter, even before Thursday, we found it to be more complicated than at first it appeared. On Thursday evening several members, including the hon. member for Churchill and the hon. member for Royal, suggested that anything which a province declared to be or designated as a municipality should also be classed as a municipality for the purposes of the Excise Tax Act. We found, however, that the provinces sometimes defined municipalities in different ways for different purposes in different acts. There would have been some uncertainty as to which definition would apply. Moreover, there is no uniformity among provinces in the way in which they define municipalities. Therefore to accept a provincial definition might have given more generous exemption in one province than in another.

Now, in searching for a definition we had to keep in mind that there must be some government body to which the exemptions could be extended or refunds paid. The exemption from sales tax for certain municipal purchases is not a direct exemption for individuals, although of course individuals residing in the municipalities benefit. This is an exemption for a governing body to help it meet the serious problem of financing the expansion of public services in its area.

Subject to this requirement, it was our aim to make the definition as broad as possible. We are therefore proposing a definition of municipality which will be very similar to the definition which it is proposed to use in the municipal development and loan act. The definition proposed refers to city, town, village, district, rural municipality or other incorporated municipal body; that is, it refers specifically to all the forms of organization

generally regarded as providing local government. However, because of the difficulty of foreseeing or describing other kinds of local authorities which may develop from time to time, it is proposed, if this is agreeable to hon. members of the committee, that the definition contain a provision giving the governor in council power to determine that such other local authority as the governor in council may determine, shall be a municipality for the purpose of this act.

It is a question whether the members of the committee wish to give this power to the governor in council. Short of that it will be very difficult to arrive at a definition that will cover every conceivable set of circumstances. I think it should be noted that the definition proposed will apply to the important list of exemptions for municipal purchases already in the Excise Tax Act as well as exemption for materials for sewerage and drainage systems described in the bill now before the committee. For that reason it is suggested that the clauses be renumbered so that this definition will appear at the beginning of the bill. The words which appear at the end of clause 4 read as follows:

> For the purpose of this subsection any agency operating a sewerage or drainage system for or on behalf of a municipality may be declared by the minister to be a municipality.

These words were added to the act in 1958, when the exemptions for materials purchased by municipalities for sewerage and drainage systems were included. The purpose of these words is to extend the exemption to agencies such as the Ontario water resources commission, and it is proposed to retain these words in the existing clause 4.

Mr. Lambert: Will the minister agree this presupposes the existence of a municipality?

Mr. Gordon: That is correct.

Mr. Lambert: And if you have not got the initial municipality you cannot have an agency.

Mr. Gordon: As the hon. member for Edmonton West has pointed out, this is the problem and it is a very difficult one. There must be some agency of some incorporated body to whom the refunds can be made. It is not intended to make these refunds payable to individuals, and this I think will cover the points that were raised on Thursday.

Mr. Simpson: Could the minister say whether in his opinion this new amendment would apply to the provincial bodies I mentioned, such as local government districts? These areas are eligible under the winter works program. They are not municipalities in the correct sense of the word, but they are eligible under the winter works program, and I would hope they would be included in this.

Mr. Gordon: Before we talk about it I wonder if we could have the amendment read. I think it will be a little easier then; but to answer the question quickly, it will be possible under the proposed amendment for the Minister of National Revenue to recommend that this be done by order in council. It will be the intention to cover the kind of municipalities which the hon. member has in mind. I do not know any other way of bringing them in under the net except by doing this.

Before I ask the Secretary of State to move this amendment concerning municipalities I should also like to say that I have reviewed the representations made by hon. members, especially by the hon. member for York-Humber and the hon. member for Port Arthur, and by the others outside the house, to the effect that the exception for building materials for schools and universities should be extended to cover building materials for use in the construction of public libraries. We have come to the conclusion that such an exemption should be provided, and when the amendment concerning municipalities has been dealt with and we move on to clause 5 we shall put forward an amendment to that effect.

Mr. Rynard: Sometimes under the law a person is forced by the health act of a province or municipality to put in a sewerage system, and I would ask the minister whether some clause could be introduced to give the same treatment to an individual as to a municipality.

Mr. Gordon: That would open the matter up further than I think the government would be prepared to go. There are all sorts of restrictions and rules imposed, not only by the municipalities, but by the provincial governments. For example, there are building regulations which require individuals to build certain types of houses, and it would not be the intention in that case to relieve them of paying this particular tax. The great trouble about this as I think we all appreciate by now, is the question of knowing where to draw the line. In this case it was thought we would be in difficulty if we went further than the amendment which the Secretary of State was on the point of moving a few moments ago.

Mr. Rynard: I know of a case where a man is being forced to do this work. If he comes within the two years he is all right, but if it is over that he is caught and the municipality will be taking over the area and incorporating it. This is going to be very unfair on an individual who is living on the outskirts of a municipality. If a provincial or

municipal board of health forces a person to do this then, with all due respect to the minister, I feel we should give the individual a break.

Mr. Korchinski: I would like to ask the minister how much revenue is involved in this obviously complicated clause. If it is not such a huge amount perhaps he might consider other points, and might even consider withdrawing it.

Mr. Gordon: It is a substantial amount. I do not think anybody can tell exactly, but if we start to make exemptions for people living in rural areas there will be quite a conflict with people living in urban areas, and the hope is that they will be treated on substantially the same basis. That is why if we start making exemptions for individuals, we will be in real trouble unless we make them for all individuals, and if we make them for all individuals then there is no point in distinguishing whether the work is for a drainage or sewerage system. You might as well apply the exemption to all building materials, and the first thing we will know is that we have not got a tax at all.

Mr. Korchinski: Could the minister indicate any round figure of revenue?

Mr. Gordon: I do not think there is any way of giving an estimate that I would be happy about. It depends on how far the exemption suggested by the hon. member for Simcoe East would go. I do not think you can limit it to people in rural municipalities.

Mr. Korchinski: This is an unusual situation. The minister proposes to introduce a tax and he has no idea how much revenue will be brought in by it. If he has no idea then maybe it will not bring in anything. On the other hand it may bring in $100 million. If it were something like $500,000 then it might be unnecessary because it would cost a lot of money to collect it.

Mr. Gordon: We have some estimate of the totals involved. At 4 per cent the totals involved come to something over $100 million for all the things that will be covered. One would have to be very precise in knowing what the additional exemption might involve before any kind of estimate could be made about that, but the more exemptions are made the more difficulties are encountered.

Mr. Willoughby: Mr. Chairman, earlier this session I asked the Minister of Finance a question similar to the one I am going to ask now. The minister referred the matter to the Minister of National Revenue at that time. I do not see it mentioned in the bill that is before us, so I would like to get some confirmation on whether consideration has been given to municipalities which have committed themselves, not by tender but by bylaw, to putting up public buildings such as city halls, where the actual contract has not been submitted. They will now be caught between a fixed price under the by-law and a contract price that has been called. I asked at the time whether it would be possible under circumstances of this type to have it considered as a contract. It is definitely a contract between the municipal and city authorities.

Mr. Gordon: Mr. Chairman, I wonder whether the hon. member would be willing to wait until we get to the clause of the bill dealing with refunds generally. I think it is clause 9.

Perhaps before this particular amendment is moved I might also refer to the question of certain building materials that are competitive. We have tried to take into account those situations where the imposition of the sales tax on building materials may result in serious competitive inequality where goods fabricated off the site of construction compete directly with goods that can be constructed on the site. In line with this purpose the bill contains a provision to provide that prefabricated buildings will not be taxable on their selling price, and the manufacturers of such buildings will have to pay sales tax on the materials they purchase. Similarly the manufacturers of structural building sections such as precast, prestressed concrete building sections or pillars are not regarded as manufacturers for sales tax purposes because these products compete with concrete sections that can be poured as the building is erected. The same rule will apply for manufacturers of concrete or cinder building blocks because these compete with poured concrete walls.

It has now been brought to our attention that a similar situation exists with respect to structural steel for buildings, which of course competes directly with prestressed forms. It is usual for the steel that goes into a building to be designed and cut to size on the premises of fabricating companies and delivered to the building site ready for erection. This steel competes directly with reinforced concrete poured on the site. In the case of concrete poured on site the labour involved does not enter into the base for sales tax. In the case of steel the labour involved in fabricating does become part of the price that is subject to sales tax. It is therefore proposed that an amendment be made which will have the effect of excluding from the base for sales tax that part of the selling price of steel which arises from the fabricating work done off the

building site. It will take the form of a further paragraph to the new subclause (2b) added by clause 2 on page 1. The effect of this amendment will be that fabricators of structural steel for buildings will buy steel on which the sales tax is imposed but will not have to pay sales tax on the fabricated structural steel they sell.

Mr. Olson: There is one other area, Mr. Chairman, where I think there is an unfair competitive advantage. This matter has been brought to my attention since we passed clause 2, and I am very happy that the minister has mentioned it. I refer to the unwarranted competitive advantage given to what may be interpreted as building bricks or concrete bricks and cinder blocks. Over the past few years—I think it is fairly recent—the concrete block industry have developed a product that is very, very similar to the burnt brick in colour, size, etc. In the case of burnt brick the manufacturers are required to pay sales tax, I understand, under the bill that is being considered, on the clay, firing, labour and all the other component costs that go into the finished product; whereas with a concrete brick or block they are exempt from sales tax, I take it, in relation to the labour and the aggregate, which is the block, of course. The only thing they would pay sales tax on would be the cement that went into the concrete block.

I know there are going to be problems in making a ruling and an interpretation that would not change the competitive factor between these two types of bricks. But I would like to point out to the minister that there is very definitely, I think, an unwarranted competitive advantage given to the manufacturers of this type of brick in relation to the situation that existed previously. I wonder whether the minister would care to comment on this matter.

Mr. Gordon: Mr. Chairman, I think the hon. member has very successfully pointed out—more successfully than perhaps I have—the difficulty of knowing where to draw the line in these things. As I said, the reason for the exemption being given to concrete blocks, which are not quite, as I understand it, comparable with bricks, was that you can either make a concrete block in a separate plant or you can pour mixed concrete on the site. If you extend this to ordinary bricks that are fired or burnt in a kiln, then I presume the next question would be, should you not exclude lumber or steel siding or any of the other building materials that can be used as alternatives. This is a difficult problem. I do not think I would be prepared to go further than this at the moment.

Mr. Olson: Mr. Chairman, it might be unusual, but I do not believe I am asking for more exemptions. It might even be interpreted that I am committing suicide by asking for a tax to be placed on something so the competitive advantage will not be changed. The aggregate that goes into these concrete bricks is exempt at the present time; in fact everything that goes into the construction of these bricks is exempt except that they may have paid sales tax on the cement that went into them.

The point I am trying to make is that the minister is changing the competitive advantage for those types of concrete blocks that are used in the same way as concrete poured on the site. But this is not the kind of brick I am talking about.

Mr. Gordon: If I may deal with that point, Mr. Chairman, there is a distinction between a concrete block and a concrete brick. The concrete brick is subject to tax, just the same as the burnt brick. The exemption does not apply to concrete bricks.

Mr. Weichel: Mr. Chairman, I would like to direct a question to the minister. He mentioned previously something about a tax exemption on libraries and schools. Would that also include houses of worship, churches?

Mr. Gordon: No, Mr. Chairman.

Mr. Barnett: Mr. Chairman, the minister made reference to the proposal that prefabricated structural steel forms would be exempt, if I heard him aright, and I listened attentively to him as he outlined his proposal. The question that arises in my mind as a result of his remarks is, what is the situation with respect to laminated wood forms such as are coming into quite frequent use for roof structures?

Mr. Gordon: It was not proposed that the exemption be extended that far.

Mr. Barnett: I should like to see some distinction drawn between the functions of prefabricated structural steel forms and prefabricated wood forms. I think the minister understands that as a member from British Columbia I am quite interested in the use of such wood forms, which are manufactured in my province. The minister also knows that we have not anything by way of a steel industry in British Columbia compared with other parts of Canada.

(Translation):

Mr. Pigeon: Mr. Chairman, may I make a few observations with a view to obtaining the minister's reasons for not granting a blanket exemption on all building materials purchased by local and provincial governments, as well as by provincial crown corporations such as Quebec hydro?

When the minister announced that 11 per cent tax, which has been reduced to 4 per cent, the Quebec premier judged it rather harshly. He mentioned, among other things, that it ran counter to provincial autonomy in general, and more particularly to the autonomy of Quebec.

If the minister really wishes provincial and municipal governments to start building programs on a large scale, I suggest that the government would be wise to exempt completely from the tax all building materials they will need. The government would collect the tax anyhow, in a roundabout way, as those programs would put people to work and the workers would pay income tax.

Actually, it would be an excellent thing. I also would like the minister to tell us, according to his own estimations or those of his officials, how much that new tax—I mean the 4 per cent tax on building materials—might bring in per annum?

(Text):

Mr. Gordon: If I might answer the hon. member for Joliette-L'Assomption-Montcalm first, the total sales tax changes are estimated to increase the revenue over the current fiscal year by $70 million and next year by $285 million. That is the total.

In reply to the hon. member for Comox-Alberni, in dealing with these different alternative forms of construction materials, an attempt is being made to place the material that is usually constructed off site, but could be constructed on site, in essentially the same position as those materials which are normally constructed or formed on site. That means that a concrete block is essentially the same as poured concrete on site. The next item which was considered was concrete slabs or concrete forms which could be produced on site but, like prefabricated houses, are sometimes produced off site. Because they are essentially the same as poured concrete they could be constructed on site. These items are directly in competition with the steel beams which are probably under pretty heavy pressure these days from concrete, and it was decided, as I said, to suggest an amendment which would take care of them.

The laminated wood forms mentioned by the hon. member are not, and I do not think could be, manufactured on the site. I agree it is a complication, but it is one that I am certainly not sufficiently familiar with at the moment to feel confident to exclude. I am reasonably confident about the others because I have gone into them very carefully, but on the point raised by the hon. member I think I should like more time to go into it with the industry concerned than is possible now. I can only undertake to do it before the act comes up for revision next time.

Mr. Douglas: Mr. Chairman, just one matter. When the legislation was at the resolution stage the matter of mobile homes and travel trailers was raised, and I believe the minister said he would study it. Compared with a house built on site where the sales tax is paid on the material, the competitive position of a trailer or a mobile home which is built off site, and a good part of the cost of erection of which represents labour costs in making windows, doors, different mouldings and so on, I think requires consideration. I understood the minister would look into the problem of this particular industry.

Mr. Gordon: Would the hon. member allow me to wait on that till we come to the clause of the bill dealing with that particular point?

Mr. McIntosh: I was going to ask whether we were still on clause 4 or speaking generally.

Mr. Pickersgill: Mr. Chairman, if you would let me move the proposed amendment we could dispose of clause 4 and get on to another clause.

Mr. McIntosh: Before the amendment is moved dealing with the definition of certain terms within the bill I should like to say a few words about certain terms in other sections of the act which I hope to have included in the amendment.

Mr. Pickersgill: This amendment relates only to paragraph 4, and I was wondering whether we would make more progress if we focused our attention on one clause at a time.

The Chairman: My understanding of this amendment is that it relates to the definition of the word "municipality" and has nothing to do with other clauses.

Mr. Pickersgill: Mr. Chairman, I am afraid I spoke a little hastily. The Minister of Finance has reminded me that the amendment, with which I am not very familiar, not yet having read it, will be to insert a new paragraph 1 which will provide a definition of "municipality". This might abbreviate some of the other discussion, and if the committee would like me to move it now I shall be very glad to do so. I will read it slowly so that everyone will be able to absorb it, including the mover. I move:

That Bill C-90, an act to amend the Excise Tax Act, be amended by renumbering clauses 1 to 9 thereof as clauses 2 to 10 respectively and by adding thereto as clause 1 thereof the following:

1. Subsection (1) of section 2 of the Excise Tax Act is amended by adding thereto, immediately after paragraph (b) thereof, the following paragraph:

"Municipality".

"(ba) "municipality" means (i) an incorporated city, metropolitan authority, town, village, township, district or rural municipality or other incorporated municipal body however designated, or

(ii) such other incorporated local authority as the governor in council may determine to be a municipality for the purposes of this act;"

Mr. Gregoire: In connection with that amendment, may I ask how it is that the federal government can define what is a municipality? I think it is the responsibility of the provincial authorities to determine what is a municipality. Here a decision is, apparently, to be made by order in council, and there is no reference to provincial jurisdiction.

Mr. Gordon: I think the hon. member could not have been here when I was explaining this.

Mr. Gregoire: I was.

Mr. Gordon: Then he will remember that I said the difficulty about relying entirely on the provinces in this matter is that they have defined municipalities in different ways in different acts; it is a question of which provincial definitions could be used. Apart from this there is considerable difference between the definitions used by some provinces and those used by others. The definition proposed here includes all incorporated bodies which could conceivably be called municipalities now, but it does leave some leeway in case some situation develops where there is in fairness an obvious need for exemption to put some new body on the same terms as existing ones.

As I said earlier, if members of the committee are prepared to accept this proposal we would be glad to see it go through; but if hon. members do not like it, this part would have to be dropped.

Mr. Gregoire: Can the minister assure that under this definition no municipalities considered as such by any province in Canada will be left out?

Mr. Gordon: I certainly can give that assurance.

Mr. McIntosh: The minister is attempting in this amendment to clarify the definition of certain words. I think they are not the only phrases to need clarification. When this bill is passed by this house in its final form it becomes law under the title, "An act to amend the Excise Act". It is obvious, if we recall the debates and the remarks made by the minister, that there are parts of the bill we do not understand, in particular the definitions of certain words or terms. If this measure is passed without amendment or explanation the confusion which will exist when the public and the officials of the department begin dealing with these terms can readily be imagined. How can we, as members of parliament, expect the public and the officials to understand the act if we do not understand it ourselves?

The minister could prevent much of this confusion if he would insert a short clause to the effect that in the absence of definition in the Excise Tax Act, the definition of any term will be that found in an accepted dictionary. If such a proposal as this is not included we might as well scrap the entire wording of this bill and insert just two lines to read "The act is amended as interpreted by the official dealing with the subject matter contained in the act". I make this comment because, in reality, this is what we are doing; we are passing the buck.

Mr. Gordon: Perhaps the hon. member—

Mr. McIntosh: I am not yet finished. I would say that by our actions we are making a bureaucratic dictatorship out of our civil servants. The fault does not lie with the civil servants, but with the past and present members of this house. Too often in the past, as is evidenced by the contents of other acts, we have transferred our responsibilities as representatives of the people of Canada over to the bureaucrats. One of the results of our irresponsible actions is that the public takes its problems or cases to the tariff board or to the courts of the land, a costly procedure to the federal treasury as well as to individuals trapped by careless legislation. I am informed that under certain sections of this act, sections which parliament has passed, the public is not given the right to appeal to the courts but must, by law, accept the decisions of the officials.

I am sure many of the officials themselves do not relish the task of having to make decisions relating to so many of these undefined terms in the act. They feel, and rightly so, that this is the responsibility of parliament. This was referred to in a letter I received from an Ontario citizen which reads in part:

> Naturally, I felt that at least our government should be as fair as companies doing business. I went to Ottawa and had an interview with Mr. ..... but he put all the blame on the members who had approved the paragraph in the tax bill.

And rightly so. There are a number of terms contained in clause 6 which, if not defined, will lead to a great deal of misunderstanding between the public and the officials of the department. Some of these misunderstandings, I have no doubt, will result in costly court cases. I refer to such

words as "wagon" and "manufacturers". I know one citizen from my constituency who spent an amount in excess of $500 endeavouring unsuccessfully to get a ruling from the department on the meaning of the term "wagon". Because the department will neither accept any legal interpretation nor provide a definition which they will accept, all farmers purchasing steel grain truck boxes must pay an additional $300 to $400 on such a purchase.

On page 694, volume 1, 1952, Revised Statutes of Canada, under the Canadian Grain Act, "wagon" is defined as any vehicle used to deliver grain to the country elevators. The Department of National Revenue will not accept the definition of the word "wagon" contained in the Excise Tax Act, nor any dictionary definition.

Members of the minister's own profession are greatly concerned about the misunderstandings caused by the lack of definition of terms used in this act. I refer the hon. gentleman to an article which appeared in the publication entitled "The Canadian Chartered Accountant", volume 2, No. 5, dated May, 1953. The heading is "Sales Tax—Who is a Manufacturer?" I should like to read part of this article. It says:

> The most important taxing provision in the Excise Tax Act, section 30(1)(a), imposes a consumption or sales tax on the sale price of all goods "produced or manufactured in Canada". Since this tax is payable by the "producer or manufacturer", it frequently becomes important to know whether a particular person is a manufacturer for sales tax purposes or whether he is merely a distributor, jobber, retailer or consumer, none of whom are liable to pay sales tax under section 30(1)(a).
>
> In this article, the term "manufacturer" should be understood to refer to a "producer or manufacturer" for the purposes of the Excise Tax Act.
>
> The statutory provisions, regulations and rulings dealing with this question are unusually complex. Although the Excise Tax Act contains no general definitions of the expressions "produced or manufactured" or "producer or manufacturer", there are a number of provisions in the act and in the regulations and rulings made under its authority stating that such diverse activities as packaging candies, setting diamonds in rings, repairing fur garments and printing stationery are to be treated as manufacturing operations for sales tax purposes, but that making popcorn, cider or false teeth or developing and printing photographs are not to be so treated. In addition, there are a considerable number of decided cases in which the courts have been asked to rule on such activities—

I could go on and inform the minister of what his colleagues have said about this act but I think I should say the sales tax should be imposed upon persons who manufacture foods and not upon one who merely provides a service. The difference between a contract for the sale of goods and a contract for services or for labour and materials is well known in common law but apparently not by the Department of National Revenue. Once you are designated by the department as a manufacturer, whether you are or not you are compelled to take out a manufacturer's licence. You are then subject to further rules and regulations compiled by the officials of the department. I refer now to such regulations as regulation 2 contained in circular ET.1, which is all-powerful and generally not known to the public but only to the retailer, jobber or distributor who is compelled to enforce the provisions of the regulations.

Under these regulations, with special formula compiled by the officials, the retailer is forced to impose an additional hidden tax on the consumer, an additional 4 per cent sales tax calculated on the cost of the article plus the added amount of 11 per cent sales tax already included in the cost price. Possibly the reluctance to define these terms is for a purpose. Because they are not defined the department has made use of this method to collect many thousands of dollars for the federal treasury. Although I agree the treasury needs the money, this is no manner in which to collect needed revenue. I would urge the minister to specify in the bill as I have suggested a source of interpretation acceptable to his department as well as to the Department of National Revenue.

I have some things I want to say on clause 6 when it comes up in regard to some of the terms that are used there, but at this time I would ask the minister if he would accept the suggestion I have put forward.

Mr. Gordon: Mr. Chairman, I am not a member of the legal profession, and I think that is something I may share in common with the hon. member for Swift Current-Maple Creek. I am informed by members of the legal profession that the suggestion made by the hon. member, to which I must say I listened with great interest, would not be entirely satisfactory. I am sure we would not be able to recommend an amendment here that had not been approved by the Department of Justice. That is the difficulty.

I think that some of the points the hon. member made are very pertinent and understandable, but I am afraid that if we embarked upon a complete revision of the Excise Tax Act at this particular stage we would find that a great deal of preparatory work was needed before this committee could usefully deal with that kind of task.

Mr. McIntosh: I am very surprised the minister says that the legal department does not consider this possible because the very article from which I quoted states that when

these cases are taken to the courts the judges look first to the ordinary dictionary definitions to make their rulings. If the federal treasury is going to be put to the additional cost of taking cases to court and the public also are going to be put to the cost of taking cases to court only to have judges resort to dictionaries to define the meaning of certain words, why can we not put it in the act in the first place?

Mr. Gordon: I am afraid I have not been here long enough. I do not know who passed the act in the first place, but in dealing with amendments to the act I do not think we should include a wide variety of definitions that might upset a series of legal precedents on this very point that the hon. member has raised.

Mr. McIntosh: I will not argue about the rest of the act, but will the minister do it for the part contained in this bill?

Mr. Gordon: I am afraid that if we tried to include definitions in the bill that applied only to certain sections or subsections of the act we would be in a great deal of difficulty.

Mr. McIntosh: Would the minister not agree with me that if these terms cannot be defined there is no use putting them in the bill? We do not know what they mean.

Mr. Gordon: I think all I can say is that many of these words have been interpreted in the courts over a long period, but I am not a lawyer and I cannot answer the question more specifically than that.

Mr. Olson: Mr. Chairman, if I may speak to the amendment that has been moved, the minister asked a few minutes ago if the committee was prepared to accept this interpretation with respect to municipalities. In the first part of this interpretation or definition I think he has spelled out nearly every type of municipality or local government structure that exists today. The question I raised the other day had to do with the definition and the application of these exemptions to local government areas that were near municipalities or somewhat lesser organizations than are spelled out in the first section. I am satisfied that the second section will take care of those near municipalities or local areas that are administered by provincial municipal departments. If the minister will now tell us that they are prepared to accept the recommendations, if you like, of provincial governments with respect to purchasing sewer tile and various other things needed in small towns, hamlets and so on in these unorganized districts administered by the municipal affairs departments of the various provinces, then I think that is what we asked for and this is adequate.

Mr. Gordon: So that there will be no misunderstanding at all, the hon. member will see that the second section applies to "such other incorporated local authority". It does not include a wide area that has no status as such under provincial law. The reason for that, as I have said before, is that if the provinces concerned do not look upon the area as some official kind of area which they are prepared to incorporate it will not qualify under this provision.

Mr. Starr: I wish to say a few words on that point. I think the whole matter could be clarified if certain words were deleted from subsection 2 of this amendment. An incorporated municipality is one that has been given permission by a municipal board to incorporate itself. But an unorganized territory is one that is under the direct supervision of a municipal board where a trusteeship is set up to look after the area. An example of that is Elliot Lake and other areas of that kind. They are directly responsible to the municipal board. They are not responsible to the electors of the district at all. If the words "incorporated local" were deleted the section would then read:

> (ii) such other authority as the governor in council may determine to be a municipality for the purposes of this act.

In most cases the province acts on behalf of these areas. The province calls for tenders for any construction work that is to be done or any improvements that are to be made.

Mr. Gordon: May I answer both hon. members. If the province is acting for these areas, then I think they are exempt because provinces are exempt. Certainly, therefore, the type of area to which the hon. member for Ontario referred, which I think he said would be administered by the province, would be exempt because the province would be doing the buying. I think probably the same answer applies in your case, too.

Mr. Fleming (Okanagan-Revelstoke): This is a question of the minister relating back to the explanation he has just given. I hope the exemption is not limited to the province doing the buying on behalf of some of these communities because in British Columbia there are communities, not organized territories, not incorporated communities, but unorganized territories in which the taxes are collected by the province and such administration as there is is the responsibility of the provincial department of municipal affairs. However, there might be in a number of the communities, a fire district, for instance, the creation of a committee to provide fire protection or the creation of a committee to provide a water system, sewerage system and

so on. Under the winter works program, a number of these communities in British Columbia were able to participate on the recommendation of the department of municipal affairs. I assume the same condition would apply under this definition?

Mr. Gordon: As hon. members of the committee will appreciate, after this subject came up on Thursday the officials of the department, the Minister of National Revenue and myself went into it rather thoroughly. We discussed it also with the Department of Justice. It is our understanding that this definition includes everything that is incorporated as a municipality by the provinces or is administered in any way by the provinces. Perhaps I should say it does not include areas that are administered by the provinces, because it does not need to, in view of the fact anything the province administers is exempt anyway.

I can only say that to the best of my understanding all the cases that have been raised are exempt, if we are talking about areas or communities and not individuals. The provision is not intended to apply to the individual.

Mr. Fleming (Okanagan-Revelstoke): There is one other point I should like to raise, and I do not want to prolong the discussion. My point arises out of the remarks of the hon. member for Swift Current-Maple Creek in which he drew attention to the problem of interpreting words in the act. I wonder if the minister would give consideration to the possibility, later this year or at the first available opportunity when parliament is in session, of referring the Excise Tax Act and similar legislation to a committee of this house in order to secure advice on the interpretation of words in the act and perhaps provide recommendations that would, in turn, provide clarification?

Mr. Gordon: I would be glad to consider that, Mr. Chairman, and discuss it with my colleagues. I point out, however, there is a royal commission on taxation sitting and I presume it will be going into this particular form of taxation, as well as all other forms. I am sure the commission will be receiving many representations along the lines of those made by the hon. member who has just spoken, and the hon. member for Swift Current-Maple Creek. I shall be glad to send the commission copies of *Hansard* so that they will have the benefit of the suggestions that have been put forward.

Mr. Barnett: I should like to say that, as I read the proposed amendment, it meets the situation I was trying to bring to the attention of the minister last Thursday. I think it covers water improvement districts, fire improvement districts and so on in British Columbia which I believe are actually incorporated under our British Columbia water act. So far as I am concerned, I am quite happy with the amendment proposed to the committee, and I would be quite happy to see it pass.

However, I should like to suggest that if we pass it at this time, for the purpose of continuing our discussion in the committee perhaps we might deem that part of the amendment that renumbers the section as being not effective until the committee reports to the house, so that we will not develop hopeless confusion as to which clause of the bill we are discussing.

The Chairman: Is it agreed?

Some hon. Members: Agreed.

The Chairman: Shall the amendment carry?

Some hon. Members: Agreed.

Amendment agreed to.

The Chairman: The hon. member for Renfrew South.

Mr. Pickersgill: I wonder if, before the hon. member for Renfrew South speaks, I could move another amendment? I move:

That Bill C-90, an act to amend the Excise Tax Act, be amended by striking out the word "or" at the end of line 32 on page 1 and adding the word "or" at the end of line 2 on page 2 thereof, and by striking out lines 3 to 7 inclusive on page 2 thereof and inserting the following:

(d) manufactures or produces from steel that has been purchased by or manufactured or produced by that person, and in respect of which any tax under this part has become payable, fabricated structural steel for buildings,

he shall, for the purposes of this part, be deemed not to be in relation to any such building, structure, building sections, building blocks or fabricated steel so manufactured or produced by him, the manufacturer or producer thereof.

The Chairman: I understand that this is an amendment to clause 2. Shall the amendment carry?

Mr. Nasserden: I wonder if the minister would just explain what that means?

Mr. Gordon: I explained it a few minutes ago at some considerable length.

The Chairman: Shall the amendment carry?

Mr. Greene: Are we still on the first amendment to the definition?

The Chairman: No, we are not; we are on the amendment which has been moved by the Secretary of State.

Mr. Greene: I was going to speak to the first amendment. I understood the Secretary of State asked leave to bring in this amendment before I spoke.

Mr. Pickersgill: I did not rise until after the amendment had been carried.

The Chairman: We are now returning to clause 4.

Mr. Nasserden: I am sorry, but I was out for a minute or two and missed that part. I wonder if the minister will repeat it?

Mr. Gordon: Since the amendment has been passed and I think all other hon. members of the committee heard it, I wonder if I might send my notes to the hon. member, if that would satisfy him?

(Translation):

Mr. Pigeon: Mr. Chairman, we are still considering clause 4. I have only one point to raise, on which I should like to have the comments of the minister.

When the tax was announced by the minister in his budget speech, the premier of Quebec made a violent attack against that tax which, at that time, was 11 per cent and is now reduced to 4 per cent, although it is always there.

The premier of Quebec said, among other things, that it was a serious blow to the autonomy of the province of Quebec. If the premier of Quebec made a justified statement, then it would be logical that the minister comply with the requests of the provinces, for instance, and give complete exemption on all building materials that will be purchased by municipalities and provinces, and even the provincial crown corporations. And if Mr. Lesage's policy is justified, as I said, the minister has just to retreat. But if Mr. Lesage's statement is unjustified, then I am of the opinion that the minister is attacked personally. If such is the case, I should like him to answer the violent attack of Mr. Lesage, in order to clear himself.

(Text):

Mr. Gordon: I do not know of any attack. I had the great pleasure of spending two days with Premier Lesage over the last week end. I found him in his usual affable frame of mind, and we seemed to get along very well. We agreed to meet at frequent intervals, and I suspect that perhaps he is unaware of the fact that the hon. member for Joliette-L'Assomption-Montcalm—

Mr. Pigeon: I have only a question to address to the minister.

(Translation):

Has Premier Lesage of the province of Quebec, or the premier of another province, asked the Minister of Finance to abolish that tax on all materials that will be bought by the provinces or by the crown corporations of those provinces?

(Text):

Mr. Gordon: Well, they have not asked me, Mr. Chairman. Perhaps I should explain that the provinces themselves are not taxed.

(Translation):

Mr. Pigeon: For all materials, including the crown corporations for those provinces?

(Text):

Mr. Gordon: The crown corporations are taxed.

The Chairman: Has the hon. member unanimous consent to revert to the amendment on clause 4 for a question he proposes to put to the minister?

Some hon. Members: Agreed.

(Translation):

Mr. Frenette: Mr. Chairman, I am sorry, but I lack experience in these committee discussions. A while ago, I failed to ask a question; I wanted to direct a question to the Minister of Finance when he introduced the amendment to section 2, pertaining to concrete blocks for construction purposes.

If the committee would allow me to do so, Mr. Chairman, I should ask my question now.

Some hon. Members: Agreed.

Mr. Pigeon: Has the hon. member for Portneuf (Mr. Frenette) only one question to ask?

Mr. Frenette: Yes. I wish to thank the members of the committee as well as yourself, Mr. Chairman.

My question deals with concrete blocks used as building material. I would like to ask the Minister of Finance whether in referring to concrete blocks he had in mind also what is called in the industry "artificial stone".

(Text):

Mr. Gordon: No, Mr. Chairman.

Clause agreed to.

On clause 5—*Payment to educational institution of amount equal to tax.*

Mr. Gordon: My colleague, the Minister of National Revenue, has an amendment to clause 5, dealing with public libraries, to which I referred earlier.

Mr. Garland: I move:

That Bill C-90, an act to amend the Excise Tax Act, be further amended by striking out lines 39 to 43 on page 2 thereof and lines 1 to 5 on page 3 thereof and substituting therefor the following:

47A. Where materials have been purchased by or on behalf of

(a) a school, university or other similar educational institution for use exclusively in the construction of a building for that institution, or

(b) any organization for use exclusively in the construction of a building for that organization that is to be used exclusively or mainly as a public library operated by or on behalf of that organization on a non-commercial basis,
and the tax imposed by Part VI has been paid in respect of those materials, the minister, may, upon application of such institution or organization in such form as the minister prescribes made to the minister within two years from the time the materials were purchased, pay to such institution or organization an amount equal to that tax.

Mr. Weichel: On July 8, regarding the schools and universities, the minister indicated that construction materials for such projects could be exempted, as in the case of hospitals which have a 100 per cent exemption. However I feel that the tax means that schools and universities will be paying 11 per cent on such major items as electric fixtures, freight and capacity elevators and air shafts, hot water heaters, floors, air conditioners, pipes, valves and fittings, sprinkler systems, cupboard doors, hinges, nails and other fasteners. This also applies now to libraries. Is that correct?

Mr. Gordon: It sounds to me as if those words are familiar. I think they were contained in a brief forwarded by the Canadian Construction Association.

Mr. Weichel: That is right.

Mr. Gordon: But the facts are as represented.

Mr. Starr: So, in effect the impression given by the minister that schools and universities would be exempted in the same way as hospitals is not true, because whereas hospitals have a 100 per cent exemption, these have not. I think there is confusion created in the minds of people with regard to this particular aspect.

Mr. More: I have had several representations from steel fabricating people in regard to reinforced structural flooring, roof decks, wall panels and so on. Would this amendment exempt any of those materials used in these buildings?

Mr. Gordon: Yes it would.

Mr. Gregoire: I would like to suggest that the minister change a few words in this clause and amendment. For instance, the terminology used states:

The minister may, upon application of such institution or organization in such form as the minister prescribes—

By using the word "may", the minister is not obliged to do this, and I ask why not use the word "must".

Further on it says:

—pay to such institution or organization an amount equal to that tax.

Why not use the same expression as used in clause 4, "refund", instead of "an amount equal to that tax"? As it stands now, especially in the French translation, it means that the minister may, if he wishes, give a grant or an exemption to such institutions. I am asking the minister to consider changing those words to mean that in fact an institution will be entitled to a refund of tax which it would have paid on building construction.

Mr. Gordon: I have not the advantage of the hon. member for Lapointe because, as he knows, I am not a member of the legal profession; but these particular words to which he has referred are used in other places in the bill, and I think they are inserted in the amendment for that purpose. My hon. friend, the Minister of Forestry, has the advantage of being able to discuss these matters on the same ground as the hon. member for Lapointe.

Mr. Gregoire: These words may be used in some other places, but when the question of schools and universities is involved I think the words should be changed. For example we have the words "the minister may" in the English version and in the French version we have the words "le ministre peut". This means that he is not obliged to do it; he may do it if he wishes. It then becomes some kind of a grant to universities and schools, and that is exactly what we will not accept.

I would like the minister, of his own volition, to change the words in this clause and propose an amendment in order to achieve this. Would the minister agree to do that?

Mr. Garland: Mr. Chairman, perhaps as another non-lawyer I might be permitted to say that it is not automatic that this tax shall be refunded; the minister must satisfy himself that there is entitlement.

Mr. Olson: Mr. Chairman, in the Interpretation Act the word "may" is defined as "shall", is it not?

Mr. Gregoire: If it means "must" in the English version and the French version, I am satisfied.

(Translation):

The verb "peut" means is free to, is not obliged to. So, from the constitutional point of view, it might be preferable in this instance to substitute to the word "peut" in the French text, the words "il doit" as, otherwise, it implies that he is not obliged to do it.

(Text):

Therefore I would ask the minister whether he would agree to change that word. Also, with regard to the other words "pay to such institution or organization an amount equal to that tax", I do not know whether the

minister would agree to change that to "refund that tax", the amount paid as tax.

Mr. Pigeon: Mr. Chairman, we have in this house a good lawyer in the Minister of Public Works and we would appreciate very much having his point of view on this question.

Mr. Nicholson: Mr. Chairman, if I may attempt to deal with the difficulties confronting the hon. member for Lapointe, I would point out that it says in the last few words "the minister, may upon application by such institution or organization in such form as the minister prescribes". There are certain conditions that have to be complied with. That is why the word "may" rather than "must" is generally used in our statutes.

Mr. Gregoire: Mr. Chairman, that does not answer the question I asked. This clause should read "the minister must, upon application by such institution or organization in such form as the minister prescribes". If the word "may" is changed to "must" the minister is obliged to do this; if the word "may" is used, he is not obliged to do it. That is exactly what I mean. I would like to know whether the minister is ready to change that word.

Mr. Gordon: Mr. Chairman, I understand this has always worked satisfactorily in the past. I am hesitant to change the drafting at this stage, being a layman, because it would apply not only to this clause but I would be afraid it might apply to other sections or that it would not follow the wording used in other sections. Therefore I would prefer to leave it the way it is at present.

Mr. Gregoire: This is an important matter because it concerns the question of education and our schools and universities. This wording gives discretion to the minister and is an interference in a matter that falls under provincial jurisdiction. I ask that the minister change the word "may" to the word "must", and also the words "pay to such institution or organization an amount equal to that tax" should be changed to "pay to such institution or organization a refund of that tax". If the minister would agree to move this amendment himself, I would not have to move it.

Mr. Pugh: Mr. Chairman, could this matter not be decided by the Interpretation Act? "May" is permissive; "must" is mandatory. It then becomes a question of whether the minister intends that it shall be permissive or mandatory.

Mr. Pigeon: Mr. Chairman, I would like to ask the advice of the Minister of Fisheries on this question.

Mr. Robichaud: Mr. Chairman, I think the advice has been given by the hon. member.

Mr. Gordon: I think there is another point that should be made here, Mr. Chairman, that this permits the minister with the approval of the people concerned, to make a payment to the institutions which is the equivalent of the tax that may have been incorporated in the materials they purchased. It does not mean a refund of the tax, because they are not the taxpayer. The manufacturer pays the tax. The contractor pays a price to the manufacturer and that price includes the tax; but—

Mr. Starr: Are you sure, now?

Mr. Gordon: —this gives the minister power to make a payment to the institution in lieu of the tax.

Mr. Gregoire: Mr. Chairman, I would like to point out to the minister that there are two words that should be changed; first, the word "may" should be changed to "must". I would like to know whether the minister wants to keep a discretion with regard to these refunds or whether there is to be an obligation upon him, as would be the case if the words were changed to read "the minister must, upon application by such institution or organization in such form as the minister prescribes". Does the minister intend to keep a kind of discretion on that point, or should there not be an obligation upon him to do this? If there is to be no discretion, why use the word "may"; why not use the word "must"?

Mr. Gordon: If the conditions are met, Mr. Chairman, I am informed by my legal advisers that the payment must be made.

Mr. Gregoire: Then would the minister agree to include the word "must" instead of the word "may"?

Mr. Thomas: Mr. Chairman, I would like to commend the minister for including the words "public library" in this clause of the bill. Certainly our public libraries are part of our educational system and should be included in the provision providing a refund of this tax.

The Chairman: The hon. member for Port Arthur.

Mr. Gregoire: On a point of order, Mr. Chairman, I asked a question of the minister and I think he was ready to answer it. I would like this point to be finished before we go on to another point.

Mr. Gordon: Mr. Chairman, I am informed by the lawyers surrounding me that I cannot accept, much as I would like to, the hon.

member's proposal because it would prevent the minister making a payment to the institution in this case; and if he is not allowed to do that he will not be able to administer this particular clause.

Mr. Gregoire: I fail to see how including the word "must" instead of the word "may" would prevent the minister making payment to these institutions if they made application. I think the lawyers surrounding the Minister of Finance should reconsider their position on this point.

Mr. Gordon: Again, Mr. Chairman, my counsel in this case says that the word "must" is never used in the statutes, in this sense.

Mr. Gregoire: This point is important, Mr. Chairman, because it is concerned with the question of education and we do not want to leave any discretion in the minister on this matter. The word in French means what it means—"may", "peut". As the clause is now written the minister has a discretion in this matter. If the minister will not move an amendment of his own accord, I will move

that the word "may" be changed to the word "must" or, in French "peut" par le mot "doit".

I move it as an amendment, Mr. Chairman.

Mr. Gordon: Mr. Chairman, I can assure the hon. member that there is no thought or suggestion of the Minister of National Revenue or any other member of the government using this discretion to interfere with education in any province.

Mr. Gregoire: I have lots of confidence in the Minister of Finance but I do not know who will come after him or how long he will remain Minister of Finance. Therefore I should like to protect the position in the future with regard to discretion over according grants to universities. That is why I move that we change the word *peut par le mot doit.*

Mr. More: Just while the amendment is being considered I should like to say that I have had experience with representations, and my understanding is that goods used in these buildings must pay tax. Then application is made to the minister for an amount equal to the tax paid. What I have in mind is this. I know of a case where a very large water softener was installed in a hospital. The manufacturer of the water softener got the order from the contractor and it was stamped "Hospital, tax exempt". He shipped the water softener to the contractor who installed it in the hospital, and then the department came along and he had to pay the tax. He asked the contractor to apply for a refund and he said: "No, I won't; I didn't pay you the tax. I finished my job; to heck with you". He asked the hospital to apply and they said: "No, we don't pay tax; you do what you like about it". If the tax has to be paid this is not generally understood, particularly by small manufacturers. They get stuck and it is quite a job to get an understanding from the department about their position, although there is no question in this case about the making of the equipment, about its being installed in the hospital and about no tax being received. I know of this specific case where this man had to pay the tax when the inspection was made, and neither the contractor nor the hospital would make an application to the department. They said they had no right to make one. This concerned a large amount and was a pretty onerous penalty.

Mr. Lloyd: Mr. Chairman, I do not think we should change the wording of this bill without examining the entire legislation on the subject. Other provisions may be found where a conflict might arise, and which the minister would have to resolve, involving a somewhat similar case to that described by the hon. member. I think these present words have been traditionally used so as to avoid a conflict of law or possibly a dual claim for a refund of tax.

Mr. Thompson: Mr. Chairman, if we are not ready to proceed with the amendment I should like to go back to the question raised—

The Chairman: Order. If I may suggest this to the hon. member and the committee, I think for the proper order of business we should try to dispose first of the amendment to the amendment which we now have before us which has been proposed by the hon. member for Lapointe. If I may be allowed to do so, I will read the amendment as it has been proposed to the committee.

(Translation):

In clause 5, change the word "peut" for the word "doit".

(Text):

Amendment to the amendment (Mr. Gregoire) negatived: Yeas, 6; nays, 75.

The Chairman: I declare the amendment to the amendment lost. The question is now on the amendment.

Mr. Fisher: I should like briefly to say that I was rather brutal to the Minister of Finance about his failure to include public libraries. Now that he has undertaken to do so I wish to withdraw my unkind remarks and express the appreciation of the libraries and of someone representing a city which hopes to construct a public library very soon, as well as the Canadian library association. I should also like to let him know that he has somewhat reaffirmed my faith in his executive assistant.

Mr. Olson: Mr. Chairman, I should just like to say that over the last few weeks I have made representations to the minister by letter, over the telephone, in committee, and in every other way I know of to communicate with him. Now that the amendment has been moved he has met all my representations, and on behalf of the people for whom I made them I wish to thank him.

Mr. Gordon: May I say I appreciate these words which have been uttered by the two hon. members who have spoken, both on my own behalf and on behalf of my executive assistant.

An hon. Member: Does one have to be brutal to the minister?

Mr. More: Has the minister an answer to the question I posed to him?

Mr. Gordon: I think the question posed to me had to do with the situation where somebody sold a water softener to a hospital and failed to get a refund of tax. The only thought which occurs to me as to why he did not get it was that perhaps the certificate made out by the hospital was not in proper form. Apart from that I do not know why he did not get the refund.

Mr. More: I do not think the minister has understood me correctly. It is not a question of the hospital not getting a refund. The purchase order came to this person and stamped on it was "No tax, for use in hospital", or something like that. I saw the purchase order. This man filled it on that basis, having checked that hospitals were exempt from tax. He shipped it to the contractor who installed it in the hospital. Then the inspector of the department came along and told him that he had not collected the tax on it. He replied that it was for a hospital. He was told that as he had shipped it to the contractor he must pay the tax. The contractor said that the job had been done, and the hospital said that they had the softener.

Mr. Gordon: If the hon. member would give me the particulars, the name and date, I will be glad to take it up with the Department of National Revenue and find out what happened.

Mr. More: I have tried to tell the minister what happened. I will go further and say that this man did get his refund. There was a great deal of trouble. He did not get it on his own. I am not taking any credit; I happened to be involved. What I want on the record is an answer to a straight question. As I recall it, in these circumstances he has to charge the tax and the institution has to make an application. He cannot supply these goods without the tax being collected. Is that correct?

Mr. Gordon: That is correct in the case of schools.

Mr. Thompson: I should like to have the minister clarify a question which arises in my mind. It relates directly to the amendment before us and the matter which was raised originally by the hon. member for Waterloo North. Did the hon. minister's explanation mean that only the material actually used in the construction of schools and universities would be exempt from tax? Does this exclude all those other materials which are used in construction? It is not clear.

Mr. Gordon: It includes all the things which were listed under the heading of building material prior to the presentation of this bill. It certainly would not include refrigerators.

Mr. Thompson: Would it include refrigeration?

Mr. Gordon: No, it would not.

Mr. Thompson: Nor hardware?

Mr. Gordon: Just a moment. I am afraid I will have to check that.

Mr. Thompson: Electrical fixtures?

Mr. Gordon: No, it would not include electrical fixtures.

Mr. Thompson: Automatic fire sprinkler arrangements?

Mr. Gordon: No.

Mr. Thompson: Plumbing?

Mr. Gordon: Has the hon. member got a list of the things about which he wishes to inquire?

Mr. Thompson: Well, the minister referred to the same list as was mentioned by the hon. member for Waterloo North. These things definitely are used in the construction of a building.

Mr. Weichel: Hardware was not mentioned on the list I gave the minister.

Mr. Starr: What the Minister of Finance is now, in effect, admitting is that his statement, when he exempted schools and universities, and that they would be placed in the same category as hospitals, was not correct. I think this matter should be straightened out so that those who are engaged in the construction business may know definitely that they are not in a particularly select category as far as the application of sales tax is concerned. I might add, with regard to the congratulations which were extended

by the hon. member for Middlesex West to the minister for exempting public libraries, that libraries are not exempted from the payment of federal tax on many of these things.

Mr. Gordon: We are talking about the tax on building materials to be used in schools, universities or public libraries. I am not talking about the tax which applies to some of the things which may be incorporated, though they may be necessary as part of the building. I am talking now about the things that are being exempted from tax.

Mr. McIntosh: I wish to raise a matter in connection with the question asked by the hon. member for Regina on the subject of rebates. From time to time in the course of revision of this act, certain items have been deleted. Nevertheless, a number of citizens have continued to pay tax, sometimes for as long as four years. Then they suddenly find that though the department has been accepting the tax they should not have been paying it. They make an application for rebate but the department can only pay rebate in respect of two years. Why cannot the entire sum which the citizen has overpaid been refunded?

Mr. Gordon: The reason is that there is a statutory limitation in the act which limits the refund to payments over two years.

Mr. McIntosh: I know that such a provision is in the statute. I want to know why it is in the statute.

Mr. Gordon: I am informed it corresponds with the refund sections in the Customs Tariff, but I think the hon. gentleman's question could apply to that just as well. I do not know.

Mr. McIntosh: If a citizen can prove he has overpaid the government and the government accepts his explanation, and they have taken his money without advising him that he need not pay it, why not refund that man's money?

Mr. Gordon: All I can say is there must be some practical limit on the time. As for a citizen not knowing about these things, I think that in the case of this particular withdrawal of exemption from sales tax most citizens have, by this time, heard something about it and I hope all of them will know exactly what is involved.

Mr. More: Some citizens have had the experience of receiving advice from darned good accountants and they still have not known about it.

Mr. Willoughby: I wonder whether I might at this point reintroduce a question I asked earlier about public buildings which were not contracted for but in respect of which by-laws were passed.

Mr. Gordon: I think that comes under clause 9.

Mr. Gregoire: I should like to suggest another change in wording to the Minister of Finance and I think the minister might accept it because the wording used in clause 4 is exactly the same as I would like to see in clause 5. In clause 4, line 28, the word "refund" is mentioned. A refund may be granted by the minister. In clause 5 it says the minister may "pay to the institution an amount equal to that tax". Would the minister not agree to use in clause 5 the same words as appeared in clause 4 and say, "refund to the institution an amount equal to that tax"? Then the government would be repaying something, not paying it to the institution.

Mr. Gordon: The difficulty is that one cannot refund a tax to an institution if the institution has not paid the tax. That is why there is a difference in the wording.

Mr. More: I should like to point out to the minister that many farmers are facing a serious problem in connection with the need for farm storage. The price of prefabricated granaries and building materials has increased sharply. This extra storage may only be needed for one year; there is not too much need for buildings of this type otherwise. Could the minister not consider exempting prefabricated granaries of steel and lumber bought by farmers in this fall period?

Mr. Gordon: This clause deals with schools and universities, and there is a difference between them and the kind of storage to which the hon. member is referring.

Mr. More: Can the minister indicate what clause this might come under?

Mr. Gordon: I think we might discuss it on clause 6, the next clause, if we pass this one.

Amendment agreed to.

Clause 5 as amended agreed to.

On clause 6.

Mr. Greene: I should like to say a few words with regard to clause 6, Mr. Chairman. From reading the supplementary budget speech I understand it was intended to remove the sales tax on materials consumed or expended in a manufacturing process and I believe subclauses 5 and 6 of clause 6 carry out that intent.

I understand that previously machinery and apparatus to be used in manufacture or production were in the same category as there was no object in distinguishing the

two. As a result past decisions by departmental officials have determined that certain things are machinery and not materials used or consumed in production, even though those materials may be consumed within the period of a year. I think there have already been decisions on such items as papermakers' felts. How papermakers' felts could be machines I do not know. In any event, this had to be determined. I am wondering why there could not be a simple definition. Any past definitions are obviously an anachronism because of the new concept that production machinery must be made deductible in order that our manufacturers may be competitive and in particular that they may be able to compete in world markets, which is so necessary.

We certainly do not want to impose a tax on production materials that are consumed by calling those materials machinery and forcing the manufacturer to depreciate them over whatever period of time depreciation may be allowed. I wonder whether we could not implement the distinction already in the Income Tax Act with regard to materials that must be depreciated and which can be called an expense in one year under that act. In other words, if a material is consumed or expended in the taxation year, and normally in one year, then it is a production material consumed in production. If, on the other hand, the item lasts more than one year in the normal course then it is machinery and must be depreciated.

This is the case under the Income Tax Act and I suggest with respect that it would obviate a great deal of difficulty in fighting over every little item to determine what is machinery or materials consumed in the period of one year. I think we would save our industrialists a great deal of concern and possibly a great deal of expense. In my view the departmental officials would have something much simpler to work with if we merely used the same definition as is found in the Income Tax Act. If it is normally consumed in one year it is a production material and is deductible; if, on the other hand, it lasts more than one year it is machinery. I would ask the minister to take that point into consideration and, if it is valid, come up with a definition along those lines, because I think it would simplify the matter a great deal.

Mr. Alkenbrack: Mr. Chairman, I wish to thank the hon. member for Renfrew South because I have a point to bring up with regard to production machinery which is along similar lines. I notice that in clause 6 there is a long list of food products both for man and beast, and a long list of machinery pertaining to the production of foods for man and beast. I also notice that around line 30 on page 3 there is provision for the exemption of farm produce sold by the individual farmer of his own production. The result is that one of our basic industries is well protected by way of exemption. In line 21 on page 4 there is a reference to sap spouts and sap buckets. My grandfather used to call sap spouts spiles, but that is an almost forgotten word. However, the department correctly lists them descriptively as sap spouts, and refers to other things that are used in connection with our basic maple sugar and syrup industry.

We have another industry that is probably not so productive in dollar value as the maple syrup industry but yet is a very basic industry and one which is vital to some of our agricultural people. In addition, it is found in many parts of Canada such as British Columbia, Ontario and Nova Scotia. I refer to cider production. I notice there is no consideration given here to the cider producers, the farmer or orchardist who produces cider from salvaged windfall apples for his own use and for local sale. I am sure if the minister had ever had a drink of freshly pressed cold sweet cider produced by the farmers of Prince Edward county. Ontario, not Prince Edward Island, he would readily grant a little protection to these people who have to buy the necessary cider presses and tanks in order to make the product.

I simply bring forward this point for the minister's consideration. I should like to see clause 6 amended on page 4 somewhere near the maple syrup item, because the point I am trying to make is that there is an affinity between maple syrup and cider manufacturing. In both cases the producers are usually farmers who are producing a primary product, and I submit that the cider producer deserves as much consideration as the maple syrup producer who has been protected from sales tax for a good many years. I have had two appeals on the part of farmers and orchardists during the past eight months who have strongly protested the fact that they have to pay 11 per cent sales tax on cider press machinery. My amendment to clause 6 would be as follows:

> Apple pulp grinders, tanks and presses and complete parts thereof, when used exclusively by farmers and orchardists on their own premises, for the production of apple cider for non-alcoholic use.

Mr. McIntosh: Mr. Chairman, I think the minister will realize that some of us are not too happy with his excuse that he is not a lawyer when we ask for the interpretation of certain terms. Now that he has his battery of lawyers and consultants in front of him, who I imagine drew up the bill, he should be able to get a legal interpretation of some

of these terms. On page 3, line 24, the phrase "boxes for farm wagons" is used. Would the minister take the definition in the Canada Grain Act for the definition of a wagon? In that act a wagon is defined as meaning "any vehicle used to deliver grain to a country elevator". I should also like to draw the minister's attention to page 4, line 7, where the words "logs and round unmanufactured timber" appear. I wonder whether fence posts, which are small logs sharpened to a point on one end with an axe, are manufactured or not manufactured?

I should like also to draw the minister's attention to line 25, page 4, where a reference is made to forage wagons for off-highway use. I wonder how the department is going to determine whether or not this equipment is for off-highway use. Is there going to be an end user's certificate required, or what procedure will be followed by a person requesting this exemption?

I should like to draw the minister's attention to an item on page 5, line 8, where there is a reference to soft drinks. Line 7 refers to bases or concentrates for making soft drinks, and these are not included. Perhaps the minister has not had any representations from the soft drink manufacturers, but his predecessor had, and it was contended this was a discriminatory tax because they are directly competing with the retailers of tea and coffee. These people asked why their beverages should be taxed while tea and coffee were not taxed. I hope the minister will have an answer in connection with that item.

Then, on page 6, line 20, there is a reference to the term "manufacture" and I hope the minister, with his battery of legal experts there, can provide me with a definition of "manufacture". On page 9 there is a paragraph reading:

The minister shall be the sole judge—

Personally, I do not like this particular phrase because, in my opinion, that does not give the minister the power to be the sole judge but gives one of his officials the power to be the sole judge, thereby contributing to what I call bureaucratic dictatorship. I hope the minister will eliminate that phrase altogether.

The Chairman: The hon. member for Saint John-Albert.

Mr. Bell: I wonder if the minister wants to reply now?

Mr. Gordon: I would not be anxious to eliminate that clause altogether because it includes a lot of products and I am sure the people interested in those products would be dissatisfied if we eliminated them. I presume we are still talking about clause 6, which was the one we were dealing with a few minutes ago.

Mr. Nasserden: A few minutes ago the hon. member for Regina referred to prefabricated wood or steel buildings for grain storage. Would the minister care to say a word about that?

Mr. Gordon: I will take the item under advisement and look into it, but certainly I am not in a position to make any particular comment upon it now.

Mr. Bell: I have a question to put to the minister that is occasioned by some correspondence. If a company in Canada purchased some plant machinery in the United States before budget time and delivery has not taken place as yet, what is the position with regard to this tax? Does the minister's statement of July 8 have any effect or is the deciding factor the old standard test of in transit, the signing of the original agreement or actual delivery? I may say that I bring this matter forward because I think there is a principle involved if the budget had a retroactive effect. This type of machinery might have been purchased ahead of time and it would be an uneconomic proposition for the company were the tax imposed on it afterwards.

Mr. Gordon: The tax would not apply if the item in question had been cleared through customs at the date of the budget; otherwise, it would.

Mr. Bell: I just want to say, Mr. Chairman, that this brings out the hardship to which I referred. Here is a company which, with good intentions, purchased a piece of machinery in the United States. Naturally, the company would take into account the fact that it would cost so much to deliver the machinery. However, delivery was impossible, for justifiable reasons, and now the company is caught by this provision of the budget which has a retroactive effect. I would think some consideration should be given to this anomalous situation. It is not as if the company was aware that the sales tax or excise tax would be imposed. This would have been a consideration for them.

I am quite prepared to give this problem to the minister if this makes it easier. Perhaps he might have had correspondence with this company, but I did want to point out the unfairness of the retroactive feature of the budget and the effect that has on those who, with good intentions, have ordered machinery which could not be delivered.

Mr. Gordon: I am afraid that whenever there is a change in a tax of this kind or

whenever there is a change in the tariff, and there have been some recently, those changes come into effect immediately. They apply to all importations after the date of the budget or the imposition of the tariff change, whichever it may be. It would be very difficult, I think, depending on the circumstances, to handle it differently. However, I am glad the hon. member brought this to my attention and if, in other cases, anything can be done about it in the future, I shall be glad to consider it. The precedents of the past have usually been that when a tax or tariff change is made, they apply from that date forward.

Mr. Harkness: I should like to say a word or two about the proposal to tax rebuilt items, particularly rebuilt engines. In dealing with this proposal, I believe the minister said it was put forward because this type of remanufacturing, as I believe he called it, created unfair competition for the manufacturers of new items. I believe that is a debatable proposition. However, even if that view is accepted, there are two other principles in regard to this matter which I think are of importance.

In the first place, I should like to refer to the engine rebuilding plants which exist in western Canada, that part of the country with which I am familiar. Perhaps the situation is a little different in Ontario where you are closer to the factory that builds new engines. These rebuilding plants perform a very important service for farmers, contractors and country elevator people who use these engines. They are small industries which need to be encouraged.

The other point is that, as I say, these are all comparatively small industries and to apply a tax to them really amounts to discrimination in favour of the large engine manufacturers. I believe this policy will also create a large number of anomalies and I would hope, therefore, the minister and the government would give further consideration to the matter, particularly to the withdrawal of this tax in so far as rebuilt items are concerned, at least the rebuilt engines.

Mr. Herridge: I rise to ask a question of the minister and to seek an explanation regarding clause 6. I refer to the words—

—forest products when produced and sold by the individual settler or farmer.

I am very interested in that because I represent a good number of people who produce forest products. What is the interpretation of the word "produced"? Does that include any element of manufacture of forest products, such as the manufacture of cedar poles? In some cases now they use mechanical devices for the peeling and splitting of shakes. There is quite a market in California for shakes. You will find that quite a number of people buy cheap asphalt roof shingles which only last a little time, and we are selling our good shakes to the south. Is there a distinction between "produced" and "manufactured"?

Mr. Gordon: I think the hon. member appreciates that this clause is listing the things that were exempt from the tax, and they still are. I am not in a position to define the point he raised, but I shall take it up with the officials and see that he gets an answer tomorrow or the next day.

Mr. Harkness: Would the minister comment on this rebuilt item proposal?

Mr. Gordon: I shall also be glad to take that up with the Minister of National Revenue, and I would like to examine the words in *Hansard* when I get it tomorrow. As the hon. member knows, this is not an item in this bill, but I shall follow it up and let him know the decision.

Mr. McIntosh: Would the minister comment on the items I brought to his attention? I took it for granted he was taking a record of all these various items. If not, I want to go back to where I referred to boxes for farm wagons, and I do not want to go into a long story of why we do not use wagons in western Canada any more. We have very few horses now, and the wagons are being replaced by trucks.

If the minister does not accept the definition used in the Canada Grain Act, for the western producer and western farmer, would he consider adding boxes for farm wagons and trucks? I do not want to go into an argument about a truck being a vehicle, because that would take a long time.

Mr. Howe (Wellington-Huron): In connection with this rebuilt engine problem that the hon. member for Calgary North brought out, I know that there is considerable confusion in the trade with regard to these rebuilt items. When a generator or something of that type, or a motor in a car is rebuilt and the sales tax is charged in one way, and a customer comes in and trades in an old transformer or generator, and gets a rebuilt one, is there a rebate of tax to the customer on the old motor he trades in for the rebuilt item?

Mr. Gordon: There is an allowance for what they call the core. I am trying to get the answer for the hon. member for Swift Current-Maple Creek, but I have not yet succeeded.

Mr. McIntosh: In the meantime could the minister answer my question about the logs

and round unmanufactured timbers for fence posts. Do they qualify under that, or not?

Mr. Gordon: I understand that an ordinary fence post is exempt.

Mr. Herridge: Most of our fence posts are three-sided and manufactured with splitting machines. Would they come under this clause?

Mr. Gordon: That is manufacturing, and subject to tax.

Mr. Nasserden: I do not think I am going to change the minister's mind, but with reference to the steel granaries and other prefabricated wooden granaries, I would point out that there is an exemption on pens and parts thereof for confining livestock, and there is not too much difference between them and the steel granaries used in western Canada.

The companies manufacturing them are contributing something to the steel industry of Canada, and pricewise there is quite a spread between a steel bin and another type of bin. These companies are finding some difficulty in meeting that competition, and I would like the minister to give some consideration to including this item under the exemptions, if not at this time then in the very near future.

Mr. Gordon: I shall be glad to do that.

Mr. McIntosh: This question about farm wagons and trucks is a very important one, and if the minister cannot at present give us an assurance that trucks will be considered as wagons then I would like to see him stand this clause until he gets a ruling from the department. I understand that many times when his department puts items under these regulations, the interpretation of what his department proposes is entirely up to the Department of National Revenue. I want it thoroughly understood by the Department of National Revenue that if the Department of Finance considers a truck as a wagon then the Department of National Revenue will fully realize it.

Also before the clause carries I would expect the minister to give some explanation as to why soft drinks are not included, the same as other food beverages.

Mr. Gordon: On the first question, Mr. Chairman, farm wagons have been in the Excise Tax Act for a long time, and the definition is not being changed in any way in this bill. I would suggest that the hon. member, and anybody else who wishes to make representations on this matter, should do so to the Minister of National Revenue, so that the matter can be studied and considered before the next budget is introduced.

Mr. McIntosh: I realize farm wagon boxes have been in—

[Mr. McIntosh.]

Mr. Pickersgill: May I interrupt the hon. gentleman, for a moment? If it would be possible to complete the committee stage in about two or three minutes perhaps we could do it, but if that would not be possible, and having consulted with hon. gentlemen opposite, I would suggest we rise, report progress and ask leave to sit later this day so that we could take a moment to pass the St. Lawrence bridge bill, which I understand no one wants to debate. It is a pure formality but there are reasons for wanting to have it passed today.

Mr. McIntosh: I might point out to the Secretary of State that this item is very vital to a lot of my constituents. On one occasion it cost them $500 to get a definition of this, unsuccessfully, and I do not think they should again be subjected to that type of treatment by the department. That is why I am very concerned that some definition be given before the clause is passed.

Mr. Pickersgill: In that case I move that the committee rise, report progress and ask leave to sit again in a very few minutes, and perhaps we could pass the bill and go back into committee before we adjourn. Also we could adjourn until five minutes after seven o'clock before coming back.

The Chairman: Is it the pleasure of the house to adopt the said motion?

Some hon. Members: Agreed.

Progress reported.

BOUCHERVILLE ISLANDS BRIDGE AND TUNNEL ACT

CONSTRUCTION OF A BRIDGE AND TUNNEL

Hon. Maurice Lamontagne (for the Minister of Public Works) moved the second reading of Bill No. S-16, to authorize the construction and maintenance of a bridge and tunnel across the St. Lawrence river at the Boucherville islands, in the province of Quebec.

(Translation):

Hon. Paul Martineau (Pontiac-Temiscamingue): Mr. Speaker, will the minister give us some explanation on this bill?

(Text):

Hon. J. W. Pickersgill (Secretary of State): Perhaps I could give an explanation, sir.

Mr. Martineau: Mr. Speaker, the President of the Privy Council (Mr. Lamontagne) is piloting this bill through the house and I think he should be able to explain it.

Mr. Pickersgill: Perhaps, Mr. Speaker, as the hon. gentleman did it merely to oblige, because the Minister of Public Works (Mr. Deschatelets) happened to be out of the house temporarily, I could—

Mr. Martineau: I accept the minister's explanation, Mr. Speaker.

Mr. Pickersgill: Mr. Speaker, as no doubt the hon. gentleman knows, being very learned in the law, no bridge can be built over any navigable system in Canada without an order in council under the Navigable Waters Protection Act, except in the case of the St. Lawrence river where the governor in council has no such power and there has to be an act of parliament.

Mr. Martineau: Yes, but I would like to ask the minister whether he would give some assurance that the provisions of the Navigable Waters Protection Act and all the other statutes have been observed and that there will be no damage to navigation, communications, and so on, as a result of this bridge being constructed.

Mr. Pickersgill: I am advised by the Minister of Public Works, who asked to have this bill facilitated, that all the necessary precautions were taken.

(Translation):

Mr. Remi Paul (Berthier-Maskinonge-Delanaudiere): Mr. Speaker, could the minister tell the house whether the introduction of this bill has anything to do with the holding of the Montreal world exhibition?

Hon. Maurice Lamontagne (President of the Privy Council): I do not think so, Mr. Speaker. Besides, even though the Minister of Public Works (Mr. Deschatelets) is not in the house at present, he informed me earlier that he had discussed this bill with the hon. members opposite—

Mr. Pickersgill: With the hon. member for Three Rivers.

Mr. Lamontagne: —and that it had been agreed to pass this legislation as quickly as possible, without discussion.

I do not know to what extent one can depend on such agreements.

Mr. Paul: Mr. Speaker, I am of the opinion that the remarks just made by the President of the Privy Council cannot in any way interfere with our right to inquire about the why of the measure, the need for it and the advantages it offers.

Mr. Lamontagne: Mr. Speaker, I am told that bridge has nothing to do with the world's fair in Montreal.

(Text):

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

On clause 1—*Short title.*

Mr. Barnett: Mr. Chairman, I wonder if, for my own edification if for no other purpose, the minister could indicate to us under what constitutional or statutory provision it is necessary for us in this chamber to deal with the construction of a bridge over the St. Lawrence river when apparently we do not have to go beyond the provisions of the Navigable Waters Protection Act in respect of other navigable rivers such as, for example, the Fraser river in my own province.

Mr. Favreau: Mr. Chairman, my understanding is that normally any construction over navigable waters, as the Secretary of State has stated very rightly, would be simply subject to the ordinary provisions of the Navigable Waters Protection Act. But in the case of a bridge over the St. Lawrence this procedure is required, probably because of circumstances inherent in navigating that river, currents and so on. This would apply more particularly in the present case because the province is being authorized to construct the bridge and the province, being the body so authorized and, it being the intention of the law that it be subject to the provisions of the act, I think it is preferable that an act of parliament be passed authorizing the province so to do and declaring that Her Majesty, if you like, in the right of the province shall be obliged to submit to the governor in council maps, plans and other information making it certain to the satisfaction of the governor in council—as appears from clauses 3 and 4 of the bill—that the provisions of the relevant act for the protection of navigable waters have been complied with. In other words, it is a formal act authorizing the province to construct, and also providing that notwithstanding it is the province which will be authorized to construct the bridge, the provisions of the act, this notwithstanding, will apply, and sufficient information will have to be given to the governor in council.

The Chairman: Shall clause 1 carry?

(Translation):

Mr. Valade: Mr. Chairman, I take a special pleasure in speaking on this bill, as, several years ago, that is in July 1960, I asked the federal authorities, in this house, to look into the question of building a tunnel bridge under the St. Lawrence.

If one looks up *Hansard,* one sees that, on that occasion, some hon. members, who are now sitting on the other side of the house, had found my suggestion rather odd. Some even went as far as to say that it was an impractical idea and that it was impossible to think of building a tunnel bridge under the St. Lawrence.

I am therefore the more pleased to see that the idea has gained ground and that, today, the provincial authorities consider that, for the esthetic appearance of the city of Montreal and a better access from the south and north shores, a tunnel bridge, as now planned, will serve the people of the city of Montreal and those who live on the south shore to greater advantage.

Of course, the purpose of the bill before us is limited. As I understand it, it is only a question of authorizing the provincial government to build that road under the St. Lawrence, and the federal government has only to accede to that request or to reject it.

I know that this government, being politically well disposed towards the provincial government of Quebec, will certainly not reject a project initiated by the Conservatives, which once more will prove the foresight of hon. members sitting on this side of the house who a few years ago were seated on the government side.

I suggest, Mr. Chairman, that hon. members from the city of Montreal, who are now in this house as representatives of the city of Montreal, Canada's metropolis, should intervene and energetically speak up on this legislation.

As I said and now repeat, the sole purpose of the bill is to authorize or legalize a contract which will enable the provincial government to build that tunnel.

I would like the responsible minister to tell the house whether the site, which has been chosen or is to be chosen is the most appropriate one. I do not know whether this comes under the minister, but I would like to know, as the representative of a county of the city of Montreal, who will be affected by that project, whether the province of Quebec has considered demographic conditions before deciding to build this tunnel at the designated site?

I understand that the bill does not exactly determine the site of that tunnel bridge, but it is a most important factor, because the 1967 world fair will bring a surplus of traffic, and the city of Montreal may suffer from rather considerable bottlenecks if the two approaches are too near to each other, that is to say the Jacques Cartier bridge and the proposed tunnel bridge.

So I wonder whether the minister is in a position to tell us if that road will be built in the near future, if it will be completed in time for the 1967 world fair and if the Canadian metropolis will benefit from its location?

Mr. Deschatelets: Mr. Chairman, following the remarks just made by the hon. member for St. Mary (Mr. Valade) I should like to say this.

As regards the site of the tunnel and bridge, both in Montreal and in Ville Jacques Cartier, I must say the choice was made by the province of Quebec. Federal government engineers examined the site selected and were perfectly satisfied that the tunnel and bridge would not hamper navigation. That is why, when the bill was discussed in committee in the other place, those explanations were given by the engineers themselves. So much for the location and the site.

Now, as for the project itself, the construction of the tunnel and bridge is expected to be completed by 1967 if the work is done without delay and not hindered by anything unforeseen. Therefore, the bridge is to be ready for the 1967 world fair.

I hope that my remarks answer the question of the hon. member.

Mr. Valade: Mr. Chairman, would the minister allow me to ask a few other questions?

I know that the minister, who is a fellow member from the metropolis and whose county is located very close to the one I represent, is certainly aware of the traffic difficulties at the approach of the Jacques Cartier bridge where Dorchester boulevard ends. The planned bridge tunnel will result in bringing traffic to a place where the roads are very little developed and are, in my opinion, quite inadequate to absorb the excess traffic at certain hours of the day.

When I spoke on this matter a few years ago, I asked the minister of public works whether he would consider the possibility of building a super highway around the city of Montreal so that we would have, as in the large cities such as New York, a boulevard which would provide an easy access to all the exits from the city of Montreal.

Therefore, I am wondering whether the Minister of Public Works could not take this opportunity to tell us—

Some hon. Members: Order.

Mr. Valade: —whether he has acted further—

The Chairman: Order. I do not want to interrupt the hon. member, but I must remind him that we are at present discussing legislation which has nothing to do with the construction of any super highway through the city of Montreal. I would therefore ask him to deal with the subject matter of the bill now before the committee.

Mr. Valade: I wish to thank you for your remarks, Mr. Chairman. However, in my opinion, this matter is closely related to the bill we are discussing at present, because the bridge will inevitably open on a congested artery in the city of Montreal.

If the federal government has authority to authorize the city of Montreal to build a tunnel bridge, it also has authority on the Montreal harbour, which is federal government property, and it should facilitate access to that bridge tunnel. I believe that both problems are related, because one depends on the other. If the government does authorize a bridge giving on a dead-end, I am of the opinion that the people of the city of Montreal will be ill-served. Could the minister enlighten the house in that respect?

Mr. Deschatelets: May I remind the hon. member that responsibility in that field belongs to the province and the city of Montreal? Even though the question raised by the hon. member goes beyond the proposal in this bill, I could still tell him that we have received a proposal from the province of Quebec in connection with the trans-Canada highway. This proposal mentioned that the entrance to this tunnel will communicate with an expressway in Montreal, going in an east-west direction. I trust this will answer the hon. member.

Mr. Valade: I will end by congratulating the federal and provincial authorities for having accepted to make this improvement suggested to them by the Conservative party, which shows that the Conservatives are better law-makers.

Mr. Deschatelets: Mr. Chairman, allow me to say a few words in reply to the remarks made by the hon. member. My hon. friends opposite often make beautiful plans but, on the other hand, we, the Liberals, are always there to implement them.

Mr. Valade: Mr. Chairman, the minister's reply forces me to ask him if unemployment is one of the projects implemented by the Liberal party?

The Chairman: Clause 1 is agreed to.

(Text):

Clauses 2 to 5 inclusive agreed to.

Title agreed to.

Bill reported.

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

Mr. Pickersgill: Now, by leave.

Mr. Deschatelets: Mr. Speaker, since it is not a contentious bill I think hon. members would like third reading to be called now.

(Translation):

Hon. J. P. Deschatelets (Minister of Public Works) moved the third reading of Bill S-16, an act to authorize the construction and maintenance of a bridge and tunnel across the St. Lawrence river at the Boucherville islands, in the province of Quebec.

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

(Text):

EXCISE TAX ACT

The house resumed consideration in committee of Bill C-90, to amend the Excise Tax Act—Mr. Gordon—Mr. Lamoureux in the chair.

On clause 6.

The Chairman: Order. House again in committee of the whole on Bill C-90—

Mr. Starr: Mr. Chairman, since it is past six o'clock and the committee will again resume at seven, would it not be possible to defer the seeing of seven o'clock till, say, a quarter past seven, as some of us have to be here at the resumption?

Mr. Pickersgill: Mr. Chairman, I would be in complete accord with the hon. gentleman, and if Your Honour could see it was seven o'clock only at 7.15 it would give us time to eat.

The Chairman: Order. House again in committee of the whole on Bill C-90, to amend the Excise Tax Act. 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 7.15 p.m.

The Chairman: Shall clause 6 carry?

Mr. McIntosh: I am sorry, but I cannot allow this clause to be carried unless I receive an explanation from the minister with regard to the term "boxes for farm wagons".

An hon. Member: I thought it was boxes for sardines.

Mr. McIntosh: I think the hon. member across the way should be recognized, Mr. Chairman. I do not know what his constituency is.

With regard to these boxes for farm wagons, we in the west, as I said before six o'clock, do not use wagons any more on our farms. We use trucks. This term "wagon" is not defined by the Department of National Revenue in the same way as it is defined in the Canada Grain Act, namely as any vehicle which will take grain from a farm to an elevator. As a result, the farmers of western Canada are having to pay between $300 and $400 in tax on these articles for lack of a suitable definition. As I said earlier, one of my constituents spent more than $500 trying to get an explanation of this term "wagon". We cannot understand why the Department of National Revenue would not accept the term as defined by the Department of Finance. We have been told by officials of the Department of Finance that "wagon" does mean "truck"; but the Department of National Revenue would not accept that. They would not accept that a box for a wagon or a box for a truck are exactly the same thing and are intended for the same purpose. In the light of the cost-price squeeze problem which we are facing in western Canada I cannot accept this clause as it is set down here, unless an explanation is forthcoming from the minister.

Mr. Gordon: I think it is fair to say that the hon. member has explained his case very clearly, but the fact is that this reference to wagons has been in the act for a long time and is not being changed by this amending bill. It is not proposed to change it. There is no suggestion of changing it here. It is not proposed by the government to make a change in this particular item. A farm truck is a wagon and although wagons are exempt we must draw the line at making trucks exempt. A farm wagon is dedicated to use on the farm. A truck, on the other hand, is used for many other purposes besides agriculture. I am sorry that the government is not prepared to accept the hon. member's suggestion that this particular item be extended.

He also asked me before the adjournment why soft drinks are not being made exempt. All I can say in reply is that soft drinks have been subject to the tax for some time. To exempt them would cost the treasury about $12 million and in my opinion the treasury is not in a position to suffer a loss of revenue to that extent.

Mr. McIntosh: I do not think the minister got my point. I have no quarrel with him when he says that trucks should not be exempt. I am talking about the boxes that go on the truck or on the wagon. It is a grain box, and whether it is on a wagon or a truck should not make any difference. I should like to get that point across to the minister. I am not saying that trucks should be exempt.

I have had the same argument with the department before. They have maintained time and time again that the box is part of the truck. To me the box is not part of the truck. It is not manufactured by the people who manufacture trucks. When a farmer goes to buy a truck with a grain box on it he has to make two separate purchases. The box is not made by the same people who make the chassis of the truck. He has to buy it from an implement dealer, and then we get into the argument about what an implement is.

I have a great deal of correspondence before me in connection with the argument I have had with the department before. I am not talking about a truck. I am talking about the box that goes on the truck or the box that goes on the wagon. The minister has said that this provision has been in the act for a long time. I realize that; but the point is that since it was originally put in the act progress has been made in farming. We do not use horses any more. If it is a wagon it is drawn by a horse. Now we have trucks that use the same type of box formerly used on a wagon. I see no difference in the box at all, and all I am talking about is the box that goes on the truck.

Mr. Nasserden: Mr. Chairman, I think the point brought up by the hon. member for Swift Current-Maple Creek is an important one because these boxes found on trucks today are taking the place of boxes that used to be on wagons in years gone by. The minister said that the legislation has not been changed over a long period of years. Surely during such a long period of time there must be progress somewhere along the line. We are not going to sit back and take everything that was brought forward over the last 60 years and continue it simply because it has been in effect for a long period of time. That is a weak argument. A change has been suggested by the hon. member—

Mr. Gordon: With the greatest respect, the hon. member had six years in which he could have done something about it. I am perfectly prepared to consider this point very carefully but not at this moment.

Mr. Korchinski: The tone in which the Minister of Finance speaks would indicate that he is not prepared to take a few extra minutes to deal with the problem presented by these members. It is a good case and the minister should take a few extra minutes to consider it. I assure the minister that if he had taken a few extra minutes on some of these other items he would have had a lot less trouble.

Mr. Gordon: I am perfectly prepared to do that, but before making a change of this kind I would really like to know not only all the arguments in favour of the proposition but what arguments, if any, there may be against it.

Mr. McIntosh: Then is the minister willing to stand this clause?

Mr. Gordon: I recognize the difficulty here. As the hon. member said a few minutes ago, he is not arguing that the truck should not be taxed but he is arguing that the box that goes on the truck should be free of tax. So you have a beasty or you have an article, the basic part of which should not be free of tax, but it is argued that a piece of it should be free of tax. It seems to me, with all due respect to the hon. member, that this drives us into a rather difficult position, and it is for that reason that perhaps I have been less enthusiastic about accepting his proposition than I might otherwise have been.

Mr. McIntosh: Mr. Chairman, if the box was imported and there was an end user's certificate that it would only be used for agricultural purposes I think that would solve the problem. To me it does not make any difference if the box goes on a wagon or a truck, but apparently the minister is prepared to say that if it goes on a wagon it is exempt but if the same box goes on a truck it is taxable, which does not seem reasonable.

Mr. Gordon: Because the wagon is exempt and the truck is not. I can see the hon. member's point of view, but I presume he can also see the point of view I am trying to present, that we are dealing with a wagon that is exempt and a truck which is not. The hon. member has suggested that if the box goes on a wagon it is exempt and therefore if it goes on a truck it should also be exempt. I am putting the point of view that the complete article, wagon and box, is exempt. The hon. member has pointed out that it is obsolete in the west but it still may be used occasionally in some other parts of Canada that are perhaps less progressive. But if we get into a situation where we are dealing with a hybrid, the main part of which is subject to tax and part of which is not, I am sure that in the end we will end up with a worse situation than if I had not accepted the proposal.

Mr. McIntosh: Let me try to clarify this point. I have contended in the past that the box is neither part of the wagon nor is it part of the truck, and so that I do not go off on a tangent I should like to read a few paragraphs of a letter I wrote to the department trying to put across my argument. They contend that the box is taxable under tariff item 438f. In my letter I said:

> Item 438f deals with parts of motor vehicles.
>
> A box is not a part of a motor vehicle.
>
> I contend that a steel truck, grain or livestock box is not part of what is considered a motor vehicle or the chassis thereof, but rather an article to be mounted or attached thereto. Item 438a states such articles shall be valued separately and duty assessed under tariff items regularly applicable thereto.
>
> In western Canada—
>
> As I said before.
>
> —and the same may be said of eastern Canada,—
>
> I am not too sure about that.
>
> —automotive dealers very seldom sell a farm truck or vehicle with steel grain box attached. If the farmer requires a grain box the normal procedure is for the farmer or dealer to obtain one from an implement dealer. Grain and livestock truck boxes are usually manufactured by those specialized in manufacturing agricultural implements and not from automotive manufacturers. Most automotive dealers price sheets list chassis only and do not include a price for a grain or livestock box.
>
> Therefore, I contend a grain box should not be considered as a part of the truck, or vehicle, but considered under some other heading.
>
> I do not care under which heading we consider it.
>
> I further contend a steel grain or stock truck box could be included under the heading of agriculture implements—
>
> This is already in the tariff item.
>
> —for the following reason. In legal dictionaries, the term implement is defined as a thing of necessary use in any trade.
>
> Certainly, a truck box is used in the trade of agriculture.
>
> The word necessary is defined as those things to the doing of a thing which are reasonably required.
>
> A box is essential to the truck if it is going to be used to haul grain. You can put the same box on a wagon or a truck with certain modifications. I do not see why you differentiate between the two.

Mr. Korchinski: I should like to add a few words to what has already been said by the hon. member for Swift Current-Maple Creek. You can take the same box and put it on a truck, a wagon or a sleigh for that matter. Surely, the minister himself can see that this is the type of unit that can be used for agricultural purposes. The minister is saying that this is a complicated procedure through which we have to go before we can get an exemption. I recall, for example, that during the war the procedure was very simple. Eaton's and Simpson's had a blank form in their mail order catalogue and all you had to do was fill out the form to indicate that you were a farmer and that the particular item

you were buying was for farm purposes. This was all that was required during the time of war. This method was devised by people who were getting a dollar a year. Now, however, we find this is an extremely complicated problem and the matter cannot be looked at for another year. This does not make sense.

This is an item that is being used on a farm. A man can take that same box off a truck and put it on a wagon or put it on a sleigh and use it for the same purpose. The only difference is that he uses a different method of propulsion. It seems to me that it would only take a few minutes for the minister to say that if a form were filled out signifying the equipment was for agricultural purposes, it would be exempt.

Mr. Watson (Assiniboia): A few minutes ago the minister mentioned that a box for a wagon was exempt. So far as we are concerned in the west, when we think of a wagon we naturally think of the old steel wheeled wagon and that has been out of existence for a long time. The truck has now replaced it. However, if you wanted to get a truck the same size as the old wagon you could still buy this same wagon box for the now extinct wagon, put it on the truck and you would be home free. However, as a result of the fact that trucks today have a larger capacity you have to have a box of a larger size.

These boxes are for farm use almost entirely, I would say, and usually of wooden construction. The steel box is the only box that might have a dual purpose. I think it is just a matter of realizing that the wagon has almost disappeared as an implement for hauling grain. It is still used for small jobs around the farm, but for the purpose of hauling grain off the farm and into the elevator it is no longer used.

Mr. Baldwin: I think this is a good place for me to intervene since I have practised law as well as done a little bit of farming. It seems to me that the government should give consideration to the changing conditions as the result of rail line abandonment. The original purpose of a farm wagon was to draw grain a distance of seven miles which, under the Railway Act, was the shortest distance between two elevators. Obviously the grain is going to have to be drawn anywhere from 30 miles to 40 miles if this rail line abandonment legislation proceeds.

I draw to the minister's attention the phrase which has been referred to by my hon. friend, that this is a box for a farm wagon. This indicates the boxes are individual items. Perhaps the minister would agree to simply adding after the words "farm wagons", the words "farm trucks". He would then have an amendment which would be quite plain. These would be separate items used either for farm wagons or farm trucks. I do not believe there would be any great difficulty about agreeing to that simple amendment which would meet the very reasonable request made by the hon. member.

Mr. Nasserden: A minute ago the minister mentioned the last six years. I do not know whether or not that was an invitation to discuss some of the events that took place during that period. We on this side of the house would be very glad to make reference to some of the things that are done in this particular bill. Reference has been made by the hon. member for Peace River to rail line transportation which bears directly on the changed situation in connection with agriculture in western Canada as it affects this particular item. For that reason, we would like the minister to give some recognition to this problem, at least more recognition than he has indicated in his remarks this evening.

Mr. Korchinski: There is another point that comes to mind in connection with this farm wagon question. Reference has been made to something that is tractor drawn. I know many of the truck manufacturers like to refer to their trucks as tractors. If one were to argue the point further he might say, for example, that if all trucks are to be referred to as tractors, then a tractor which happened to have more horsepower and greater tonnage would be included. I would say if we took the truck of ten-ton capacity, then it would be exempt because of the phrase "tractor drawn". Now, if you happened to hitch up a tractor and trailer unit, then I would say that kind of truck would be taxed. This does not seem to me to be right. I wonder if the minister could give us any information on that?

Mr. Gordon: I think all I can say is that I do not believe this is the time to make representations on this matter. If hon. members will make representations to me, I will go into them very carefully but I do not believe we can do it tonight.

Mr. Korchinski: We will make representations if the minister will give us an opportunity two months later to have another budget.

Mr. McIntosh: This is not the first time we have approached the department on this issue. I believe the hon. member for Peace River has brought up a very important point because in some parts of Saskatchewan some of these rail lines have been abandoned, necessitating the haulage of grain in bigger quantities longer distances. I say this is the place

and the time is now, for making representations. I do not believe the amendment suggested by the hon. member for Peace River would be out of place. I believe, actually, we are talking about the same thing. It is just a matter of interpretation so far as the department is concerned. I think the minister has recognized, essentially, that a box for a truck, a wagon or a sleigh is the same thing. There should be no discrimination between them.

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

Mr. McIntosh: Yes.

Mr. Pickersgill: He said he made representations to the department previously. Could he tell us whether Mr. Fleming or the hon. member for Digby-Annapolis-Kings were tougher?

Mr. McIntosh: I realize why this question was asked by the Secretary of State. He is trying to make it a political question and I am trying to stay away from making it a political question. However I will say this, that I was just as annoyed with the previous administration as I am going to be with this one if it does not do this, and if the Secretary of State is as true a Canadian as he professes to be he will prevail on the Minister of Finance that this is a necessity. If he wants his government to help western Canada he will see that this is put through.

Mr. Nasserden: Not only that, but it would be a feather in his cap if he did.

Mr. Pugh: I am wondering if the Minister of Finance has gone into the request made a week or so ago, when this was at the resolution stage? At that time a good deal was put forward with regard to wagons, and I am wondering whether the government has given any further consideration to the possibility of an amendment?

Mr. McIntosh: I might also say that I recognize the necessity of protecting eastern industry, but if the minister will go back into the history of the question he will find that eastern industry has been protected for over two years on this very item, and none of those engaged in manufacturing this type of box in eastern Canada found enough volume to necessitate manufacturing it. With the two or three years protection they have had we could now import them from the United States tax free, if there are only a few of them, in the same way as anything else.

The Chairman: Shall the clause carry?

Mr. Pugh: May I have an answer to my question?

Mr. Gordon: What is your question?

Mr. Pugh: The question I am asking is this: because of representations made on the floor of the house in committee, in the last week or two when on resolution stage, has the government done anything about considering an amendment?

Mr. Gordon: I wonder if the hon. member would refer to the page in *Hansard* where this was mentioned.

Mr. Pugh: I do not have it. However I asked the question myself, as did possibly three other members who were present at the time.

Mr. Pickersgill: Could the hon. member look it up?

Mr. Pugh: I do not think it is necessary. Apparently the government did not pay attention to what was said, but I am sure we could have an answer to the question. The hon. member for Peace River has brought forward a most important point, that because of rail abandonment a farmer has to truck more than seven miles. Therefore it is something that should be considered, and the government has had notice of this within the last week or two.

The Chairman: Shall clause 6 carry?

Mr. McIntosh: No. I move, seconded by the hon. member for Peace River:

> That clause 6 be amended by adding after the words "boxes for farm wagons" the words "and farm trucks."

Mr. Gordon: I wonder if Your Honour has considered whether the amendment is in order?

Mr. Baldwin: Might I make a submission on that point. I think it has already been noted by the hon. member for Swift Current-Maple Creek that it has been indicated by one of the departments that such an interpretation as we are striving for now might be accepted. We are not trying to add anything which was not included before. We are merely attempting to clarify an existing definition.

Mr. Gordon: I want to make it quite clear that farm trucks are not included.

Mr. Baldwin: We are not asking for farm trucks. We are asking that boxes attached to farm trucks be included in the definition of boxes presently used.

The Chairman: In the opinion of the Chair the proposed amendment extends the scope of the resolution and is therefore out of order and cannot be put to the committee.

Mr. McIntosh: I disagree with your ruling.

Division

Mr. Speaker resumed the chair, and the chairman of the committee made the following report:

In committee of the whole when Bill No. C-90 was being considered the hon. member for Swift Current-Maple Creek (Mr. McIntosh) moved the following amendment:

"That clause 6 be amended by adding after the words "Boxes for farm wagons" the words "and farm trucks".

The Chair ruled the amendment out of order on the ground that the proposal was outside the scope of the resolution adopted in committee of ways and means on which the bill was based, whereupon the hon. member for Swift Current-Maple Creek appealed to the house from the decision of the Chair.

Mr. Speaker: Is it the pleasure of the house that the chairman's ruling be confirmed? Those in favour will please say yea.

Some hon. Members: Yea.

Mr. Speaker: Those opposed will please say nay.

Some hon. Members: Nay.

Mr. Speaker: In my opinion the yeas have it.

And more than five members having risen:

Mr. Speaker: Call in the members.

The house divided on the question: Shall the ruling of the chairman be confirmed? And the ruling was confirmed on the following division:

YEAS

Messrs:

Addison
Asselin (Richmond-Wolfe)
Badanai
Basford
Batten
Beaule
Bechard
Beer
Belanger
Berger
Blouin
Boulanger
Boutin
Brown
Byrne
Cadieux (Terrebonne)
Cameron (High Park)
Cantin
Caouette
Caron
Carter
Chapdelaine
Choquette
Chretien
Côté (Chicoutimi)
Côté (Longueuil)
Cowan
Crossman
Cyr
Davis
Deachman
Denis
Deschatelets
Drouin
Dube
Dupuis
Emard
Ethier
Eudes
Favreau
Forest
Forgie
Frenette
Garland
Gauthier
Gelber
Gendron
Godin
Granger
Gray
Greene
Gregoire
Groos
Guay
Habel
Haidasz
Hahn
Harley
Hays
Hellyer
Honey
Jewett, Miss
Klein
Konantz, Mrs.
Lachance
Laing
Lamontagne
Laniel
Latulippe
Laverdiere
Lessard (Lake St. John)
Macaluso
Macdonald
MacEachen
MacNaught
McIlraith
McMillan
McNulty
Matheson
Matte
Moreau
Morison
Mullally
Munro
Nicholson
Nixon
O'Keefe
Olson
Otto
Patterson
Pennell
Pepin
Perron
Pickersgill
Pilon
Plourde
Richard
Rinfret
Rochon
Rondeau
Rouleau
Roxburgh
Ryan
Sharp
Stewart
Teillet
Temple
Thompson
Tucker
Wahn
Walker
Watson (Chateauguay-Huntingdon-Laprairie)
Whelan—113.

NAYS

Messrs:

Alkenbrack
Baldwin
Barnett
Bigg
Brewin
Cameron (Nanaimo-Cowichan-The Islands)
Cardiff
Chatterton
Churchill
Clancy
Coates
Crouse
Danforth
Doucett
Fane
Fleming (Okanagan-Revelstoke)
Forbes
Grafftey
Gundlock
Hales
Herridge
Horner (The Battlefords)
Howe (Wellington-Huron)
Irvine
Jorgenson
Kennedy
Knowles
Korchinski
Loney
MacEwan
MacLean (Queens)
MacRae
McBain
McIntosh
Madill
Mather
Millar
More
Muir (Cape Breton North and Victoria)
Nasserden
Nesbitt
Orlikow
Pascoe
Paul
Peters
Pigeon
Prittie
Pugh
Rapp
Rheaume
Ricard
Rynard
Smith
Southam
Starr
Stefanson
Stenson
Valade
Vincent
Watson (Assiniboia)
Webb
Webster
Weichel
Willoughby
Winch
Winkler—66.

Mr. Speaker: I declare the ruling confirmed.

Mr. Cashin: I was paired. Had I not been paired I would have voted to uphold the ruling.

Mr. Gordon: I was paired. If I had not been, I would have voted to uphold the ruling.

Mr. Thomas: I was paired with the hon. member for Notre Dame de Grace (Mr. Asselin). If I had voted I would have voted against the ruling.

Mr. Mackasey: I was paired. If I had not been paired I would have voted to sustain the ruling.

(Translation):

Hon. Paul Martineau (Pontiac-Temiscamingue): Mr. Speaker, I was paired with the Associate Minister of National Defence (Mr. Cardin). Had I voted, I would have voted against your decision.

Mr. Gerard Ouellet (Rimouski): Mr. Speaker, I was paired with the hon. member for Matapedia-Matane (Mr. Tremblay). Had I voted, I would have voted against your ruling.

(Text):

And the house having resumed in committee:

On clause 6.

Mr. Nasserden: Mr. Chairman, I do not think the House of Commons has seen a minister deal with a matter of such importance to the agricultural industry in such a cavalier fashion as did the Minister of Finance this afternoon and this evening.

Some hon. Members: Order.

The Chairman: Order. I think the hon. member will recognize that he should be talking about the bill and not about the attitude of hon. members of the house.

Mr. Nasserden: Thank you very much, Mr. Chairman. I want to talk about the particular item before us at the present time. I want to draw on the history of the Liberal party—

The Chairman: Order. The hon. member realizes that when he prefaces his remarks by saying that he wants to go over the history of the Liberal party is immediately going beyond the bounds of clause 6.

Mr. Nasserden: Mr. Chairman, I thought hon. members opposite would welcome it, but I see that they do not so I will try to keep away from it. I should like to say though that one of the precepts that has been recognized by the parliament of Canada over a number of years has been that agricultural implements should enter this country free of excise taxes. In this instance boxes for farm trucks are being denied this preference. That has been the substance of the argument put forward by the hon. member for Swift Current-Maple Creek and other members from farm constituencies in this debate.

The Chairman: Order. Perhaps hon. members would like to co-operate with the Chair and with the hon. member who now has the floor so that we will have the opportunity to hear him out.

Mr. Pickersgill: Mr. Chairman, before the hon. gentleman resumes what he has to say, perhaps it might be drawn to Your Honour's attention that Your Honour ruled that a certain amendment was out of order as being irrelevant to the bill, and if it was out of order to move the amendment as it was irrelevant to the bill it would appear to me that what the hon. member is now saying is equally out of order.

Mr. Martineau: Mr. Chairman, it is quite clear that the Secretary of State has raised a point of order which has no application in the present case. Surely we are not going to be prevented from discussing a clause that is pertinent to the bill. I might remind the Secretary of State that we have not yet passed clause 6 and as the remarks are relevant to the discussion of clause 6 the discussion should therefore be permitted.

Mr. Pugh: On the point of order, Mr. Chairman, I do not know whether Your Honour has made up your mind or whether you wish to hear more, but there is no question but that we are still talking about farm boxes. An amendment was put forward and turned down which had to do with bringing them in free of charge. We are still talking about farm boxes as far as I can see and I think the hon. member is quite right in going ahead.

The Chairman: Order. I think hon. members will agree that a decision has been reached on that very point and the Chair does not consider that the point can be reintroduced now. However, I am quite disposed to hear further from the hon. member for Rosthern to determine exactly what his proposed argument is going to be, and a ruling can be made then as to whether or not he is out of order.

Mr. Nasserden: Mr. Chairman, the point I was trying to make, and it may not be recognized by some as very valid, was that throughout the years parliament has recognized the fact that farm implements should enter the country free of duty. While the act has been interpreted in a certain way for a number of years, quite a change has taken place in the agricultural industry in recent years and the result is that a situation has come about with regard to interpreting the intent of parliament in this particular instance which in the minds of the farmers of western Canada at least approaches bureaucratic arrogance and stagnation. It was that point I was trying to draw to the attention of the committee and particularly to hon. members opposite who from time to time have been very loud in their boasting that it was their party that brought these benefits to the agricultural community of Canada.

Mr. Stenson: Mr. Chairman, this afternoon the hon. member for Saint John-Albert

spoke about importing machinery and I understood the minister to say that the tax would be levied as of the date the budget was brought down. Does this cover the importation of machinery and equipment for dairies?

Mr. Gordon: It depends a good deal on the kind of machinery about which the hon. gentleman is talking. If it was taxable under the budget proposals it became taxable on the date of the budget. If it was not taxable it still is not taxable.

Mr. Stenson: It was not taxable before the budget was brought down but I understand there will be an 11 per cent tax.

The Chairman: Order. The Chair has recognized the hon. member for Kootenay West. Perhaps we can come back to the hon. member for Peterborough in a moment.

Mr. Herridge: Thank you, Mr. Chairman. I have been trying to restrain myself as much as possible and to rise only to seek information or to advocate a cause. I wish to refer to the provision having to do with "boats bona fide purchased by fishermen for use in the fisheries", and so on. I have the honour to represent some farmers who have to use boats as the only method of transportation in going to the villages or in transporting their supplies, cattle, fruit and things of that sort. Has consideration ever been given to the farmer who has to buy a boat and in some cases operate a small barge to transport his produce by way of extending the same exemption to him as in the case of fishermen?

Mr. Gordon: Mr. Chairman, I think this is the first time, as far as I know, that the proposition has been presented, so I am afraid that no consideration has been given to the situation to which the hon. member has just referred.

Mr. Herridge: Would the minister consider for inclusion on another occasion bona fide cases of persons who are confined to water transport?

Mr. Gordon: Yes, I would be very glad to. Perhaps a little later we might have a discussion about this matter and the hon. member might inform me in a little more detail about the problem.

Mr. Herridge: I thank the minister. There are only a few cases, but I think persons living under these circumstances are entitled to every consideration. They are on the frontier and are rendering a great service.

Mr. Stenson: I had reference to machinery or dairy equipment being brought in. In discussing the matter with the Department of National Revenue on June 25 they agreed that the tax would be refunded. These people had a contract price for the equipment.

Mr. Gordon: I presume in that case it was being imported by a wholesaler of some kind for resale, in which case that would be the proper interpretation.

Mr. Winkler: Mr. Chairman, I should like to direct the minister's attention to an item on page 5, line 20, where there is a reference to soft drinks. I realize this matter has been referred to before and I heard the minister's statement in this regard. It was rather revealing. He may say when I have finished that I should have taken up this matter with the previous administration when we formed the government, so let me assure him immediately that I did. I feel that if the items included under flavourings, extracts, emulsions and powders are not taxable, then soft drinks should not be taxed either because of the discriminatory nature of such a tax.

I am sure that the minister will find some support for my argument from his colleague the Minister of National Revenue. I do not say this by way of advertisement for the Minister of National Revenue, but we all know he is a big Pepsi-Cola man. I am sure the Minister of National Revenue will agree with me that this is a discriminatory tax when we consider that these drinks for children such as Fizzies and Kool Aid are not taxed, and they are sold in great quantity. If these items are sold to the public tax free, then I feel the soft drink industry should have the same consideration. All I am asking is that the area of discrimination be eliminated. Either this tax should be imposed across the board or we should extend the extension to soft drinks. I am thinking here of the advantage to the industry, Mr. Chairman, because the minister has indicated that the revenue from that particular industry is in the neighbourhood of $12 million. Is that correct?

Mr. Gordon: Yes, that is correct.

Mr. Winkler: This is a lot of money to receive as revenue of the country. I just ask that consideration be given to relieving the discrimination against one of these industries.

Mr. Gordon: I wonder if I might ask my colleague, the Minister of National Revenue, to reply to that comment?

Mr. Garland: Perhaps I should use this opportunity to correct the impression that may have been left by what the hon. member said about my connections with the soft drink industry. Prior to joining the cabinet, I resigned from all my directorships and active management of my soft drink business.

Now, dealing specifically with this question, I might say I do not believe the hon. gentleman has fully appreciated what is intended here. Food flavourings, extracts, emulsions and powders, not including those for beverages, are mentioned. Soft drinks, as such are taxable. These ingredients that go into these soft drinks are exempt, because the manufacturer of soft drinks can purchase these items tax exempt under licence.

Mr. McIntosh: I do not believe the minister's explanation is correct because the item says, "not including bases or concentrates for making soft drinks". They are not exempt, therefore.

Mr. Garland: There again I do not believe the hon. member for Swift Current-Maple Creek fully appreciates the situation. These bases and concentrates of course, are taxable. But when they are turned into the finished soft drink the soft drink manufacturer is able to purchase them tax exempt. You are talking about two different things. You are talking about the bases and syrup that go into the drink and confusing them with the finished soft drink.

Mr. Winkler: I would not want the Minister of National Revenue to think I am trying to put across the idea that there is double taxation. I am saying there should not be tax discrimination against the manufacturer of soft drinks as opposed to other beverages which compete on the market in precisely the same field.

Mr. Gordon: I should like to assure the hon. member that alcoholic beverages are, in fact, taxed to quite an extent, if he is thinking about that.

Mr. Winkler: That is an absolutely irrelevant argument. I am talking about soft drinks, the item here. If the minister becomes involved in any more irrelevant discussion, Mr. Chairman, you should set him down. I am only referring to the two kinds of soft drinks a consumer may purchase in a shop. One is taxable and the other is not. This is discrimination against the soft drink industry.

Mr. Fleming (Okanagan-Revelstoke): I should like to direct a question to the minister which departs from the present discussion but does relate to the exemption provided by clause 6 of the bill. What is the position of a municipally or provincially owned public utility, apart from sewage disposal utilities that are provided for in the bill, for example a utility generating electric energy from thermal or other sources, so far as exemption from this building materials and production machinery tax is concerned? Does the public utility producing electrial energy qualify for exemption from taxation or is it taxable?

Mr. Gordon: It is taxable, Mr. Chairman.

Mr. Fleming (Okanagan-Revelstoke): May I ask a supplementary question? Does that mean a project such as the Columbia river project in British Columbia, which is presently under negotiation and is a provincially owned utility, would be subject to tax on both building materials and production machinery?

Mr. Gordon: Yes, Mr. Chairman.

Mr. Korchinski: I do not believe the Minister of National Revenue completely understood the argument presented by the hon. member for Grey-Bruce. I am sure he is quite familiar with the problem. The complaint is that the manufacturer of soft drinks pays the tax but any vendor of lemonade or Kool Aid does not pay the tax. The suggestion is that either this tax should be removed or both people should pay the tax. This is the only point of argument that has been presented, so far as I am aware.

Mr. Gordon: Mr. Chairman, as I understand it, all these products are taxable. In the case of some of them you only buy a little powder and there is no tax on the water that goes with it.

Mr. Byrne: Since the discussion has ranged from dump boxes to soft drinks and to cabs over caterpillars and tractors, I want to bring to the attention of the committee the fact that this objection to the tax on soft drinks is not a new one. I can recall that 10 or 12 years ago I endeavoured to persuade the then minister of finance that there was discrimination in respect of the tax on soft drinks. I am sure the soft drink industry does create a large amount of employment as compared with the industry which manufactures these powders. The mixing, bottling, washing of the bottles, packaging and distribution by truck all provide a considerable amount of employment and these employees contribute greatly to our tax return.

I was disappointed, Mr. Chairman, that you ruled the hon. member for Rosthern out of order, because I do think that a history of the—

The Chairman: Order. I do not wish to interrupt the hon. member uselessly, but we have already decided that we should not go over the ground which has been decided upon by the vote of the house.

Mr. Winkler: If the hon. member is prepared to move an amendment I would be very pleased to support it.

Mr. Byrne: I would be delighted to move an amendment, but I bow to your ruling, sir, that an amendment affecting the balance of ways and means would be out of order. Since you have ruled the matter of dump boxes out of order, I am wondering whether it would be in order to remind the committee that the hon. member for Marquette, on July 16, was in favour of imposing an excise tax on the cabs that go over trucks and tractors and other machinery. Really, the only difference between a cab and a metal box is that the cab is a box upside down. Therefore there is no real difference, and the Conservative party is not unanimous in opposing excise taxes on farm machinery.

Mr. Winkler: Did I understand the minister correctly? Did he tell me that there is a tax on these small packaged drinks sold in grocery stores?

Mr. Gordon: Yes, Mr. Chairman.

Mr. Winkler: At what stage?

Mr. Gordon: Manufacturer's selling price.

Mr. Fleming (Okanagan-Revelstoke): I would like to come back to the answer the minister gave a few moments ago regarding the imposition of a tax on building materials and machinery as related to provincially and municipally owned electric producing utilities. Is it not true that, prior to the introduction of these amendments, building materials and production machinery used in the construction of hydroelectric and thermal electric producing plants were exempt; and is it now the purpose of this bill to add on to the cost of the development of such plants an additional 4 per cent, 8 per cent or 11 per cent, depending on their timing? Does this not defeat the very purpose of the minister's declared intention, on the introduction of the budget, that we wish to encourage secondary industrial development in Canada?

If we, by the introduction of this tax, attack the very root source of energy for secondary industries, which I can only assume is the outcome of the minister's answer to my question, then do we not attack the very basis of his intention to build a flourishing and developing economy?

Although I feel this ought to be done for private industry, if it cannot be done for private industry then at least it should be done for public industry owned by provinces and municipalities. Surely this should be re-assessed, and if it cannot be done now it should be done at some future time.

If we impose 11 per cent, or as is the case 4 per cent in the immediate future, of additional cost on a major public utility such as the Columbia river project or the Peace river project in B.C., where hundreds of millions of dollars of capital development are involved and where loans have to be secured and amortized over 20, 30 or 40 years, and if that initial increase in cost occasioned by this tax has to be amortized at 4 per cent over the same period, then it is possible some of the major developments in the country will be brought to a standstill because the power produced from them will be uneconomic. Costs are being imposed on these projects that had not previously been considered because there was no federal tax on the cost of building materials and production machinery.

I do not want to impute any motive whatever to the minister. I do not want to suggest that there has been carelessness here. I only ask whether consideration has been given to the effect of the imposition of this tax on the cost of installation and operation in respect of projects as large as the Columbia project in British Columbia will be, or as large as the Peace river project is at present?

Mr. Herridge: I briefly want to support the hon. member for Okanagan-Revelstoke in his appeal to the minister to reconsider this matter. I do urge that he use this new period of restagnation to give it very serious consideration.

Mr. Pugh: The hon. member for Okanagan-Revelstoke made a rather good point, and I wonder if the minister could give us any information as to whether officials from British Columbia or any other province have made representations to the government asking that the 11 per cent tax be taken off building materials and production equipment used in this type of project? I am reliably informed that the additional cost on the Peace river project will be $18 million.

Mr. Gordon: Representations were received; they were considered carefully and, as hon. members are well aware, certain modifications were made in the application or implementation of the tax. It is the policy of the government to proceed with it on this basis.

Mr. Fleming (Okanagan-Revelstoke): If such representations from provinces and municipalities have been rejected, then apparently there is no hope for private investors such as those who, during the last eight or ten months, indicated that they intended to proceed with the development of pulp mills at Kamloops, Prince George, and several points on the coast, projects which to the best of my knowledge would cost over $200 million. I believe that the projected costs of the development at Kamloops run as high as $26 million; at Prince George, $50 million and on the coast a further $100 million, approximately, by various companies. There has been the suggestion of potential development at

Kitimat, taking advantage of the power available from the Alcan power production capacity there.

Does this mean that private industry in Canada which is prepared to invest substantial sums in the development of secondary industry, and in British Columbia particularly in the pulp and paper industry, where approximately $200 million, it has been announced, may be invested in the next 12 month or 18 month period, does not have any hope of relief whatever from this taxation on building materials and production machinery; that not even the provinces and municipalities which are endeavouring to provide the energy with which secondary industry can be developed, sustained and increased, can expect sympathetic consideration or relief from the additional capital cost that will be imposed by this tax? If this is the case, this bill, if it is passed must mean that we are going to strangle or at least diminish the benefits to be derived from industrial expansion both public and private from this time forward. Are these to be the consequences of the bill?

We have heard a great deal of discussion about exemptions to be provided for agriculture, the fishing industry and other industries. Coming from an agricultural riding as I do, I do not for a moment attempt to diminish the importance of the criticisms that have been made or the attempts to secure exemptions for agricultural machinery and other items that are covered. But now we are dealing with something that goes far deeper and has a far wider application. This bill, if passed in its present form, attacks the very foundation of industrial development in Canada; it attacks the root of energy; it attacks the very basis upon which industry can be built; it attacks the power upon which industry will depend. I say this because if you consider a development as large as the Columbia development is believed to be, if the present difficulties between the federal and provincial authorities can be reconciled and if that development goes ahead in the treaty projects alone, something like $400 million will be spent. If the total river can be developed it will be $1,300 million. If you add 11 per cent to that you are adding $110 million or $125 million to the cost of the project; and if you amortize that at even as little as 4 per cent or 3½ per cent over a 20, 30 or 40 year loan period you are perhaps making it impossible to continue to even contemplate the development of that resource. This is the possible consequence of the bill before us.

Hon. members across the floor can smile and make remarks to one another as they are doing at the moment. But let them come into British Columbia and talk to the people there about developments of this size; let them go abroad in any province in this country and talk to the people who are depending upon that kind of development; let them have a look at the development of national resources which are now having imposed upon them an additional cost of 11 per cent, and then let them smile, because the people will not comprehend or understand their attitude.

Some hon. Members: Hear, hear.

Mr. Fleming (Okanagan-Revelstoke): Mr. Chairman, I do not wish to inject a note of political partisanship into this debate. I am only concerned at this moment that perhaps not sufficient attention has been paid to the implications of the implementation of this bill. What do you do to the cost of the kilowatt hour; what do you do to the cost of a kilowatt of power of the Columbia river development if you add 4 per cent, 8 per cent or 11 per cent to the capital development cost of the project? What do you add to the kilowatt hour cost of the energy if you add this capital expense, and project that expense over the period of time the loans that are necessary to develop the river have to be amortized? These are matters about which I am concerned. I am only interested in whether by implementing this bill and making it an act we may inadvertently—because I do not think the government would do this deliberately—stop or remove from all possible consideration the development of these major river systems which remain in Canada to be developed, which remain in British Columbia particularly to be developed, because there are many river systems and many possibilities of development. But if the government is going to add 11 per cent to the capital cost, what happens to the unit cost of the energy that is developed from it?

Mr. McBain: Mr. Chairman, I wish to come back from British Columbia to Ontario. My question concerns farm wagons, including four-wheeled farm wagons equipped to be tractor drawn. This question is relative to the southwestern Ontario area where the farmers use anhydrous ammonia in the production of corn. I might explain that anhydrous ammonia is a liquid fertilizer which is applied by an applicator and has to be stored in storage tanks. These tanks are put on the farm wagons that I understand come in duty free. The tanks remain on these wagons probably for the life of the tank and the life of the wagon. They are used for agricultural purposes only, but they are subject to the excise tax. I wish to ask the minister whether consideration will be given to allowing these tanks used by the farmers of the southwestern Ontario area for the application of anhydrous

ammonia to be imported duty free? I might mention that very few are manufactured in Canada and they necessarily have to be imported from the United States.

Mr. Gordon: As far as I know, Mr. Chairman, there have been no representations of any kind about the particular tank to which the hon. member has just referred.

The Deputy Chairman: Shall clause 6 carry?

Clause agreed to.

On clause 7—*Application and coming into force.*

Mr. Gordon: Mr. Chairman, my colleague the Minister of National Revenue would like to move a technical amendment on this clause which has to do with renumbering.

Mr. Garland: Mr. Chairman, I move:

That Bill No. C-90, to amend the Excise Tax Act, be amended by striking out line 44 on page 9 thereof and substituting therefor the following:
"(2) Subject to subsection (3), section 1 and sections 3 to 7".

Mr. Gordon: It is just a difference in numbering.

The Deputy Chairman: Shall the amendment carry?

Amendment agreed to.

Clause as amended agreed to.

On clause 8—*"Designated goods" defined.*

Mr. Nasserden: Mr. Chairman, clause 8 (1) (c) refers to:

—goods for use as part of sewerage and drainage systems, and articles and materials to be used exclusively in the manufacture thereof.

I imagine that at the present time quite a lot of revenue is secured from this item, but I should like to point out that there are many people who are trying to make improvements in the plumbing in their homes, particularly in rural areas, where the cost is already considerably higher than it might be in urban areas where houses are located closer together. Has the minister given any consideration to any alleviation of this tax with regard to the situation in rural areas, where a group is working together on a co-operative basis?

Mr. Gordon: Mr. Chairman, I went into this at some length this afternoon at the same time as I dealt with another matter, sending a memorandum over to the hon. gentleman concerned. I went into this subject at the same time.

Mr. Douglas: Has the minister made a statement about the matter I raised earlier concerning mobile homes and trailers? I believe he was giving some thought to it.

[Mr. McBain.]

Mr. Gordon: Mr. Chairman, this was one of the items covered under clause 6, which for some reason was not raised at the time when we reached that clause, but perhaps I might be permitted to give the explanation.

Before 1957 trailers of all kinds were subject to sales tax on their full selling price, but in March 1957 an exemption was introduced for 75 per cent of the selling price or the duty paid value of trailers for use as homes. It is believed that parliament did not provide this exemption for 100 per cent of the selling price because trailers are different from houses and because some building materials and appliances entering into the construction of trailers would not have been exempt from tax if used in the construction of a house. Now that building materials used in house construction are to be taxed, trailers for use as homes should also be taxed.

It is recognized, however, that the selling price of these trailers includes a considerable amount of labour, and therefore taxing the full selling price would tax trailers for use as homes more heavily than houses. On the other hand, trailers for use as homes require in their construction a larger taxable content than houses. For example, they usually contain stoves, refrigerators and built-in furniture and furnishings, and they require wheels and tires. The application of the tax to 75 per cent of the selling price is believed to be a reasonable level of taxation for these manufactured mobile units which provide a special kind of living accommodation. This exemption for trailers for use as homes does not apply to camping equipment, such as units to be placed on trucks or trailers which are merely converted into overnight shelters. Manufacturers of trailers will, of course, buy their materials free of sales tax, but they will pay sales tax on 75 per cent of the selling price.

Mr. Douglas: Does that equally apply to mobile homes, the homes which are moved on foundations?

Mr. Gordon: This just applies to trailers.

Clause 8 agreed to.

On clause 9—*Refund of tax.*

(Translation):

Mr. Martineau: Mr. Chairman, as for clause 9(1)(b)(ii), this is a case where a tender in writing would have been submitted by a contractor before June 13, or before the budget, but which would not have been accepted by that date.

According to the bill, if the tender contained a pecuniary penalty or provided for the forfeiture of a deposit sent with the tender in the case the contractor withdrew his

tender before it were accepted, instead of withdrawing the tender, the contractor could leave it as submitted. Then, he would have been able to take advantage of this tax exemption.

Now, in my opinion, the words after the word "contract" in line 14 are restrictive and of such a nature as to cause a real injustice to the contractor. I mean the words:

—and in default of so doing to incur or cause to be incurred a pecuniary penalty whether by forfeiture of a security deposit or otherwise.

Apparently, the minister's position has been that a tender did not really constitute a contract and therefore that the party sending in a tender could withdraw without any penalty except in cases where a penalty clause had been written in the contract and except, in addition, where the tender called for the forfeiture of the deposit in case of withdrawal of the tender before acceptation.

Now in my opinion, such an interpretation is not in accordance with current practices in the building industry.

As a matter of fact, Mr. Chairman, deposits are usually required or this pecuniary penalty clause is written only in the case of companies whose solvency or reputation has not been satisfactorily established. In the case of a recognized contractor, such a clause is generally not required.

Second, that section counters the existing rules with regard to contracts in the province of Ontario.

And third, in respect of the province of Quebec, such a restrictive interpretation is, I think, contrary to the economy of the civil code, in connection with contract obligations and, more particularly, to sections 984 and 1079 of that code.

Indeed, under section 984, a contract is perfected by the parties' consent; section 1079, which concerns conditional clauses and obligations, reads as follows:

—an obligation is conditional when it is made to depend upon an event future and uncertain, either by suspending it until the event happens, or by dissolving it accordingly as the event does or does not happen.

Now, when interpreting section 1079, I submit that here we are facing a contract with suspensive effect, and authorities have commented on that section as well as the legal aspect of a tender.

I am more particularly thinking of Castel who, in his treatise on the civil law system, explains the difference between a simple pollicitation and an offer which cannot be withdrawn once it has been made, until expiry of the period of time provided in the offer.

Indeed, the learned author tells us that, in such a case, there is much more to it than a simple pollicitation and that there is a contract divided into two parts, the first of which represents the contract itself, or the tender, and the other the pre-contract, which constitutes a binding agreement by the party submitting the tender, from which he cannot withdraw without being liable to damages.

In view of those authorities, in view of the well established practice, as recognized in the province of Ontario, in view of the economy of the civil code, I think that those who tendered before June 13 last, but whose tender had been neither accepted nor rejected before June 13, are in a position where they cannot claim a refund of that tax. I think that if the minister does not grant them that exemption, they will suffer a real prejudice.

I know that there are here, in front of me, legal authorities of great competence and great renown. I refer particularly to my friend the Minister of Citizenship and Immigration (Mr. Favreau) whose legal and constitutional authority is recognized. I am sure he will agree entirely with my observations and that he will recommend to the Minister of Finance to accept the amendment I wish to move.

I therefore move, seconded by the hon. member for Berthier-Maskinonge-Delanaudiere (Mr. Paul), that section 9, subsection (1), subparagraph (b) (ii) be amended by striking out the words:

—and in default of so doing to incur or cause to be incurred a pecuniary penalty whether by forfeiture of a security deposit or otherwise.

which appear immediately after the word "contract" on line 14 of page 11 of the said bill.

I have no doubt that after seeing the amendment, the minister will be willing to accept it.

(Text):

Mr. Gordon: I think the hon. member was, perhaps, paraphrasing a brief which has been circulated recently by the Canadian Construction Association and a letter to the Canadian Construction Association from Messrs. Stikeman and Elliott solicitors, Montreal. The Canadian Construction Association has, I expect, made representations to all members of the house. Certainly, they have made representations to the government about this particular item and about a number of other items that are being proposed.

I suppose that whenever any new tax is introduced the people affected find it burdensome. I believe that in this particular case the construction industry will find that this is an added cost, which no doubt in most cases they will be able to pass on to their

customers in the same way as they pass on other additions to their costs which they face from time to time. I would point out that it is customary, when a new tax is imposed on commodities, to apply it to goods sold after a certain date. The general rule for federal sales and excise tax changes is to have the new tax apply with respect to sales made, or goods cleared through customs, after midnight of the day on which the budget speech is delivered. In this way all persons are treated alike.

In the case of this year's tax changes, the sales tax on building materials and production machinery is intended to apply on and after June 14. In accordance with the usual rule it was not intended that the fact that goods had been ordered or prices quoted before June 14 would affect the imposition of the tax on goods sold after budget date.

It was recognized, however, that some manufacturers and some contractors would be caught in a very difficult position because of the imposition of the tax on all sales after June 13. If a manufacturer who was required to pay tax on goods sold by him after budget date was also required to sell those goods under the terms of an enforceable contract at a price which did not include the tax he might suffer a severe loss.

Similarly, a building contractor who was required to construct a building at a fixed price under an enforceable contract would find the price of his materials increased by the amount of the sales tax and because of this squeeze might be placed in a difficult financial position.

The government recognized these facts and the budget speech promised relief for those who were bound by fixed price contracts entered into on or before budget date. It should be noted that the purpose of this relief was not primarily to protect the eventual purchaser of goods. If the purchaser has a fixed price contract he is already protected. The purpose was to help the person caught between the tax and a commitment to supply goods at a price which did not permit addition of the tax.

In determining under what kinds of fixed price contract relief should be granted, consideration had to be given to the difficulties of ascertaining what were legally binding situations from which the vendor or contractor could not escape without having to absorb the tax himself or suffer some pecuniary penalty.

It became evident that bona fide contracts in writing signed by both parties prior to the budget date were capable of being both ascertained and verified. The same could be said of tenders made in writing prior to June 13 whereby the person submitting the tender was bound to enter into a contract and in default of doing so, would incur a pecuniary penalty, whether by forfeiture of a security deposit or otherwise.

It was realized when the line was drawn to include only these two types of formal contractual obligations that there would be a number of closely related or borderline cases where the commitments lacked the contractual characteristics of those just mentioned. For example, the government has been urged to accept as grounds for relief contracts which have arisen out of offers, or tenders made orally, and contracts which have arisen out of tenders not binding in the sense that the person making the tender would suffer a pecuniary loss if he did not proceed to sign a contract. It has also been asked to grant relief in respect of contracts with a guaranteed upset or maximum price, cost plus contracts and contracts related to leased property. All these requests have been examined carefully but it has been concluded that it would be unfair and unmanageable to base tax relief on any contracts other than those concluded in writing before June 14 or those concluded after that date in accordance with the terms of a tender in writing which committed the person who submitted the tender to a pecuniary penalty if he failed to stand by his bid. Such contracts may include certain upset or maximum price contracts that have the elements of a fixed price contract, but would not include cost plus or percentage fee contracts.

To go beyond what I have indicated would open the door to claims in respect of a wide range of transactions where the manufacturer, contractor or supplier is not prevented from passing on the tax to the purchaser or user of the goods in question.

Although it is realized that this may not be an entirely satisfactory solution, particularly for those firms who conduct their affairs in a more informal manner and do not always put commitments down in a written contractural form, it must also be accepted by those who have given this matter careful thought that it would be administratively impossible to do other than rely on independent documentary evidence.

The fact that many people had made plans or had entered into arrangements which have not the necessary legal formalities to qualify for relief was an important consideration in the decision to introduce the tax in stages commencing at 4 per cent. This provides an important measure of tax relief for all concerned.

Mr. Martineau: May I ask the minister another question? In view of his remarks, I

wonder whether he believes that a tender can in no case have a binding effect until it has been accepted?

Mr. Gordon: Certainly, and that is what I said—I did not quite get the implication of the question.

Mr. Martineau: In view of the minister's remarks, is it to be concluded that a tender cannot in any event be an enforceable document?

Mr. Gordon: I am not prepared to give a legal opinion in this matter.

Mr. Martineau: I understand that the minister is not a lawyer but we do have a battery of very learned lawyers sitting on the front benches opposite and I think they should be prepared to defend this clause of the bill which the minister has admitted is a very important one. He has stated he has received representations from the Canadian construction association representing the Canadian construction industry, and there is a very important point involved. There is real hardship incurred by those who have made tenders and who may not, according to good business practice and even according to the law withdraw from that tender until the expiry of the acceptance date without incurring a penalty even if there is no penalty clause inscribed in the tender; because even without such a penalty clause the person to whom the tender is made has recourse in damages if the tender is withdrawn under certain circumstances.

Mr. Olson: Mr. Chairman, under the provisions of clause 9 I think there is a need, with or without the amendment, for a great deal of clarification and explanation by the minister and the officials of his department. I am not demanding an explanation tonight but I think the provisions should become a matter of general public knowledge so that municipalities and contractors all across Canada will know what the situation is. For example, will a limit imposed by a bylaw of a municipality be considered as confining the amount of money and therefore imposing a limit within which the contractor must remain to claim the sales tax exemption, if the bylaw has been passed before June 13?

I know that in the bill there are many provisions exempting the materials that municipalities buy for sewer systems, and that materials for schools, which are the responsibility of local government, are also exempt. But there are occasions when municipalities undertake to build civic centres and there may be some that have been approved recently. There are municipalities that undertake to erect sports stadiums, swimming pools and so on, and I think it is essential for this information to be known.

Mr. Martineau: On a point of order, Mr. Chairman, I am sorry to interrupt the hon. member but before he goes on with what he is discussing I think we should restrict the discussion until the amendment has been disposed of.

The Chairman: If the hon. member wishes to speak to the amendment I would invite him to do so.

Mr. Olson: I am not exactly sure, Mr. Chairman. We have not been supplied with the amendment. I do not have one in the English language and I have a little difficulty in translating it. But I think the remarks I am about to make apply to the amendment as well. I have reference to the staging of the sales tax that is going to be imposed at different levels. Clause 9, without the amendment and perhaps with the amendment, takes into account the deadline date of June 13. There can be some exemptions made and the penalties will not apply if there was a firm contract prior to that date.

But I think that the construction industry must know the exact situation. For example, let us say that between June 13, 1963 and March 31, 1964 contractors enter into contracts but do not expect to buy all of their materials in that period. Do they have to estimate their costs upon the basis of 4 per cent for the amount that will be purchased during that period, 8 per cent for the amount of building materials purchased between March 31, 1964 and December 31, 1964 and 11 per cent for those building materials that will be purchased after December, 1964? As I said, I do not expect the minister to explain all of this tonight, but the information is essential to the construction industry so that they will know what figures to use in estimating their costs for tendering.

Mr. Gordon: I am glad to have that suggestion and I will most certainly take it up with the Minister of National Revenue. I agree that this matter should be made perfectly clear to all the people who will be affected.

The Chairman: The hon. member for Edmonton West.

Mr. Lambert: Mr. Chairman, I will speak after you have dealt with the question raised by the hon. member for Pontiac-Temiscamingue and with his amendment.

Mr. Favreau: May I be allowed to put a question to the hon. member? Is his amendment directed expressly at the case where a tender, not containing a provision for a specific penalty or forfeiture but being otherwise binding either because there is a fixed

period set or because it has been accepted after June 13, has the effect of a contract, all the provisions whereof have been specified before June 13? It that it?

Mr. Martineau: That is right.

(Translation):

Mr. Paul: I have listened carefully to the comments of the Minister of Finance (Mr. Gordon) who has certainly examined the brief submitted by the Canadian construction association, but in my opinion, the minister has taken a position contrary to the spirit of the Quebec civil law. There is in civil law, what is called pollicitation; now legal consent is the expression of agreement on an object or a cause and as long as the agreement has not been worked out, there are only parties in pollicitation.

I know that the hon. member for Quebec South (Mr. Cantin) will try later on to refute this legal point, but I maintain that as long as the parties have not reached an agreement, there is no contract; but however, the parties are bound by this pollicitation and such is the case with which we are now dealing.

The Minister of Finance, in his mathematical and accounting statement, was in disagreement with the spirit of the civil law of the province of Quebec, and the effect of the amendment moved by the hon. member for Pontiac-Temiscamingue (Mr. Martineau) is exactly to legalize the statute law of our Canadian courts concerning pollicitation.

It actually happens that contractors submit a tender, discussions are held and the coming into effect of the contract is delayed, while the parties are still bound by pollicitation. Now, this contract comes into effect when the parties have made up their minds, and even though one of the parties withdraws his consent, the party responsible is liable to a claim for damages and the courts in the province of Quebec have recognized the validity of such a contract.

I know that the Minister of Citizenship and Immigration (Mr. Favreau), as well as the hon. member for Quebec South (Mr. Cantin), are familiar with the Sanschagrin case which is referred to in the 1928 summary of jurisprudence. It was in the case Renfrew Flour Mills *v.* Sanschagrin that the courts recognized the existence of a contract with pollicitation.

By virtue of this jurisprudence which has never been changed since, neither by the appeal court nor by the supreme court, we are therefore in the existing legal situation in the province of Quebec. The minister, in trying to give a strict interpretation of the law, by establishing other limits for the refund of this tax, is thereby rendering useless and inoperative that provision in our civil law and consequently, the minister interprets a provision of our civil code which contradicts the opinion of the judges of the supreme court and of the court of appeal of the province of Quebec.

This interpretation will cause serious prejudice to those having contracted by pollicitation. Now, the effect of the amendment proposed by the hon. member for Pontiac-Temiscamingue is precisely to invite the minister to recognize the existence of a contract, notwithstanding the fact that it was not a written one, because under the provisions of the code, that contract exists and is binding upon the parties, although a clause may be suspensive, inoperative or expired. If the minister wants to give a restrictive interpretation of that provision of the civil code of the province of Quebec, I am of the opinion that he is doing irreparable wrong to the numerous contractors. And I understand that the minister in his remarks a while ago, has mentioned the justifiable reaction of those who are affected by a tax. That is normal.

In this case, it is much more than a reaction to the economy; the point is to give a constitutional interpretation to existing legislation in the province of Quebec.

The civil code is recognized in the province of Quebec where it has force of law. I do not see why the minister would not accept the proposed amendment, which is entirely in order as, in my humble opinion, it is a matter of clarifying an existing situation and of giving legal interpretation to a clause which, as it now stands, cannot in any way affect the balance of ways and means.

I am sure that the Minister of Citizenship and Immigration will be able to give us his views on this vital constitutional question since it compels, as it were, the minister to give a legal interpretation other than the one found in the majority of the provinces under common law, which is greatly different from the exacting provisions of our civil code.

That is why we are asking, on behalf of the population of the province of Quebec, not a preferential treatment but the recognition of an existing legal provision, sanctioned by our courts and which, if it were rejected,

could mean, for many contractors, hardships which, in my opinion, would not happen in the other provinces, because, as far as I know, they do not have that pollicitation provision.

That is why we are confident that the legal experts from the province of Quebec, our hon. friends opposite, will support the remarks made by the hon. member for Pontiac-Temiscamingue, so that the proposed amendment be accepted, for it is in conformity with the civil code and the standing orders of the house.

(Text):

Mr. Martineau: Speaking again to the amendment, I should like to refer to some remarks made by the Minister of Finance a few minutes ago. I believe he was under the impression that the amendment would create undue administrative difficulties for the officials. Possibly he was under the impression that the passage of this amendment would mean, as he said, that verbal tenders would come within this provision or people who did business in a less formal way could use this provision as a loophole to claim exemption.

I would point out to the minister that such is not the purpose of the amendment. It would only apply to written contracts evidenced by a binding tender, and therefore the officials would have no difficulty in establishing the contract was made before June 13 because they would have written proof of that contract.

Mr. Favreau: I do not intend to offer a legal opinion to this house because that is not my business, especially since becoming a minister I have relinquished the practice of law and my opinion now might not be as good as it was when I was practising law. However, I believe it is my duty to discuss the point raised by the hon. member from the standpoint of an individual citizen who looks at this act.

I agree with the hon. member for Pontiac-Temiscamingue that there might be cases not covered by the clause as it is presently drafted. It is true that in Quebec there are tenders which contain a period for their acceptance and the condition that they be not changed subsequently, which is fully binding on the tenderer. If these tenders were made before June 13 then there might be some difficulty if a contract is afterwards signed.

However, I have some misgivings about the type of amendment proposed, which consists simply of deleting all the words in clause 9 (b) (ii) after the word "contract". I think there should be some notion conveyed in the amendment that the tender, if it does not contain a forfeiture or penalty clause, should be such that if accepted it binds the tenderer, and if he did not carry it out he would incur some kind of pecuniary consequences by way of damages or otherwise.

My feeling is that the clause is now too limited in that it is restricted to those particular tenders which actually contain a penalty clause. I do not want to move an amendment, but this is what I suggest if I were to submit one. I would delete lines 14, 15, 16, and 17 in the subclause and make it read like this:

—into such a contract and in default of so doing may incur a pecuniary penalty, forfeiture of a security deposit, damages or other pecuniary consequences.

This I think refers to any type of a tender. In other words, it is a bona fide tender from which the tenderer may not back track.

Mr. Martineau: So far as I am concerned I would be willing to modify my amendment to conform with the wording suggested by the minister. I think that wording would serve the purpose of the original amendment, and would ensure that anyone who had submitted a tender, from which he could not withdraw even though it is not an express provision in the tender, without involving some penalty or damages, would have his claim for refund or exemption of tax recognized.

Mr. Lambert: I am wondering if the minister went a little too far in his suggestion regarding pecuniary consequences. I do not think anybody can show what these are. Would he consider this—and in default of so doing to incur specified or unspecified damages either by forfeiture of security deposit or otherwise?

Mr. Macdonald: Does the hon. member think the *ejusdem generis* rule would apply?

Mr. Lambert: I think specified and unspecified damages could get into these pecuniary consequences.

Mr. Favreau: Then you only have to say "secure specified or unspecified damages so long as they are real pecuniary consequences."

Mr. Macdonald: My understanding of the law is that a penalty as such is distinguished from damages as awarded by a court. A penalty is something which may be awarded irrespective of damages suffered by either party.

Mr. Lambert: I take it that the amendment has been withdrawn.

The Chairman: I have to wait for the hon. member to advise me whether he is forcing his amendment or not, but I understand he

is awaiting advice from the Minister of Citizenship and Immigration before he reaches his decision.

Mr. Martineau: That is not exactly correct. I am waiting for the draft he made to make sure I have taken it down properly.

Mr. Chevrier: I think the proper procedure is for the hon. gentleman to withdraw his amendment and, having withdrawn it, if the minister wants to make a proposal it is up to him; but there cannot be two amendments before the Chair.

Mr. Martineau: If what the minister has said is correct, he was not going to propose an amendment. He read it very slowly but I have not got all the words. If he has a draft I will replace the one already before the committee with the one that has been suggested.

Mr. Olson: While they are preparing this new amendment, if I may call it that, I am not sure I understand all of the implications here. But, if it is the intention of a new amendment to open up the field and have the government responsible to pay a refund in the wide open field of general damages that could be ordered by a court, then I think some caution should be exercised.

Mr. Chevrier: May I suggest that this clause stand for the time being so that we would have an opportunity of considering it between now and tomorrow.

Mr. Martineau: If the minister has not finished his draft, then I am willing to propose a substitute amendment which would correspond roughly to what the minister implied would be acceptable. Subject to these observations I therefore withdraw the amendment already moved, and propose an amendment in these words—

The Chairman: Has the hon. member the unanimous consent of the committee to withdraw his amendment?

Some hon. Members: Agreed.

Amendment (Mr. Martineau) withdrawn.

Mr. Pickersgill: In order to make sure that we have a draft which means what we really want, the government feels it would be desirable to have professional advice, and I wonder if the committee could not rise—

Mr. Pigeon: Experts.

Mr. Pickersgill: Professional advice is what I said. I wonder if the committee could not rise now and report progress on the understanding that the rest of the work of the committee is completed, except consideration of this clause and the amendment thereto.

[The Chairman.]

Mr. Martineau: Mr. Chairman, I certainly would go along with the proposal made by the Secretary of State.

Some hon. Members: Agreed.

Mr. Lambert: Mr. Chairman, I have a question that is not related to this particular amendment. It is a question for information which the minister might be able to give us. The other day we were discussing the matter of goods ordered prior to June 13 which could not be delivered, and what was to be the criterion if they had been bought under a conditional sale agreement. I remember the minister said, "Well, I suppose the crucial date, or the limitation date would be when property passes". I was wondering whether he has taken this point into consideration. I have tried to spell it out. I think the clause does cover it but I would like to have that assurance, because if December 31, 1964 is the operative date for property passing, this would mean no machinery or heavy equipment would be covered if it had been purchased under a conditional sale contract the terms of which extended beyond a period of 18 months. This is the matter I would like to guard against, because we know there are many instances of production machinery being purchased under contracts which provide that payment may be spread over a period of four or five years. This is the point upon which I seek assurance from the minister, that these goods will not be caught by reason of the fact that property does not pass, under the conditional sale agreement, if payment is completed after 18 months.

Mr. Gordon: Mr. Chairman, I am afraid the goods in question would be caught.

Mr. Lambert: In other words, the long term payment machinery is caught; the medium term payment machinery is not caught. Well, I think we should rise and report progress, Mr. Chairman. The answer the minister has given calls for more discussion.

Mr. Pickersgill: Mr. Chairman, I move that the committee rise and report progress and ask—

The Chairman: Order. Before we take the motion perhaps I should bring to the attention of the committee that one point has not yet been disposed of. I am referring to that part of the amendment to clause 1 dealing with the renumbering of the original clauses in the bill. This point was left standing to facilitate the work of the committee. Therefore I would suggest that the committee could now agree to that part of the amendment which had been set aside and left standing earlier today. Is that agreed?

Some hon. Members: Agreed.

Progress reported.

Mr. Pickersgill: Mr. Speaker, I wonder whether in view of the fact that all of us, I think, would like if at all possible to complete the work of this part of the session in the current week, the house would consider sitting for another half hour and making a start on the committee stage of the economic council bill. We might at least dispose of clause 1, the more general part of the bill, and make some progress toward the conclusion that I think all of us want to achieve.

Mr. Deputy Speaker: Is that agreed?

Some hon. Members: Agreed.

ECONOMIC COUNCIL OF CANADA

PROVISION FOR ESTABLISHMENT AND DEFINITION OF DUTIES

The house resumed from Wednesday, July 17, consideration in committee of Bill No. C-72, to provide for the establishment of an economic council of Canada—Mr. Lamontagne—Mr. Lamoureux in the chair.

On clause 1—*Short title.*

Mr. Churchill: Mr. Chairman, in our desire to co-operate the house from time to time gets taken by surprise, as we did just before six o'clock by a switch of business. We are now on the economic council bill which was last discussed on July 17, when the second reading stage was concluded; then we went into committee on the bill and rose after standing clause 1. My purpose in speaking now is to provide hon. members with a chance to locate the bill with which we are dealing, and if they refer back to *Hansard* of July 17 they will see what was going on at that particular period.

The economic council of Canada proposal, of course, is very much what we proposed last session and were close to having accepted, but there was an unnecessarily prolonged debate on that bill although members on the other side of the house were in agreement with the proposition. Had the normal course been followed the bill would have been on the statute books last winter and would have been in effect. We are not following that practice this session; we are giving an example of a much more responsible opposition than the one which faced us last winter.

Mr. Pepin: Politics.

Mr. Churchill: Somebody says "politics", as if that is not our lifeblood in this chamber. Is there something wrong with politics? I think there is something good about politics. Part of the practice of politics is to accept responsibility whether you are on the government or the opposition side. That was the point I was making. Last session I was not impressed with the attitude of the opposition.

The bill we have before us has adopted our proposal, with some modifications which do not necessarily improve the bill. The name has been changed around and a few other matters have been dealt with, put the general purpose, as I see it, is pretty much what we had in mind when we first put the proposition before the House of Commons. We may want to examine the bill as we go through it now to see whether unnecessary additions have been made to some of its clauses. Our hope when we introduced this measure was that the economic progress of Canada would be benefited by setting up a council which would advise the government of the day as to progress that might be made in various sections of our country, and assistance that might be given in order to improve economic conditions. There is a very wide field of activity essential here, and this council, I presume, would be of very considerable assistance to other departments of government, particularly to the Department of Industry which was recently established. In fact, the danger may be that there will be overlapping of functions and duplication of tasks with a Department of Industry and an economic council; but only time will tell whether or not that will happen, and we will have to hope that the good sense of the government will be in evidence and that overlapping will not occur.

My introductory remarks, Mr. Chairman, have served, I think, to let the committee find its place with regard to this bill and give consideration to a matter which is of very considerable importance. We are taking the position that the economic council of Canada should be supported, and we may have certain suggestions to make as we work our way through the bill clause by clause.

Mr. Aiken: Mr. Chairman, when we were discussing the second reading of this bill I put some questions to the minister which I do not believe were answered. Perhaps he would permit me to put them again in general terms. On second reading of the bill I said that we felt the bill was a combination of a piece of legislation which is already on the books and the proposed bill that the government introduced last year in connection with the establishment of a board. What I said at the time was that the only difference between the two pieces of legislation which the Conservative government had brought forward and this piece of legislation was in the objects of the bill, mostly as set out in clauses 9 and

10. I said then that our great fear was, in view of what the minister had said as to the theoretical approach that might be taken to this legislation, that the ideas of planning might be more compulsive than necessary, and that we should like to have some assurance from the minister that, while the bill was very broad in its terms, caution would be observed in proceeding with it. I said at the time that what we feared most was a proliferation of government forms to be filled out by both small and private business; more and more interference with private business, especially small businesses.

Before proceeding further, perhaps the minister at this point would give us some assurance that so far as possible the bill will not be an excuse for an advanced series of planning measures requiring the co-operation of business in making more returns and more investigations into their business; in suggesting things that they ought to do without the consent of such businesses. I should like to place this before the minister now. We feel that planning has its place, and a very important place, in the business world; but we also feel that at this time, when business is making an effort to recover and to produce more and obtain access to export markets we should not unduly burden it with non-productive work or the proliferation of office work. I feel that to a large extent business wants to be left alone, and that the planning involved in this measure should proceed with as little interference with production as possible.

These are the points I asked the minister to clarify for us. I might say that some of us on this side of the house feel that the minister perhaps moves a little too fast, or is moving a little too fast, in his ideas, and that he may be more theoretical in his approach than practical—and I do not say that unkindly. But our fear is that he may bring into this bill a series of planning measures that will not be useful at this particular time in our economic progress. If the minister would like to comment on this matter I would appreciate it.

Mr. Lamontagne: Well, Mr. Chairman, my comment will be very brief. I can assure the hon. member that the council is not designed to interfere with small business and that it has no compulsory powers, so that the kind of interference the hon. member may fear will not I am sure become a reality.

(Translation):

Mr. Martineau: Mr. Chairman, the other day, the minister presented his bill and, needless to say, took that opportunity to make an authoritative speech which has some fine points, I will admit. But I was surprised to hear him say that the measure meant the setting up of a planned system in Canada. In other words, under this bill, the country is subjected to planning. Consequently, I ask the minister to give us more details and, in particular, to let us know in a few well chosen words—he is very good at it—the elements of planning he is considering for Canada. He should not limit himself to generalities and tell us that it is a kind of planning meant to stimulate, to indicate, in short, that is not binding. He should give us the details, the elements of that plan, because I believe that the members of the committee want to know what it is.

Mr. Lambert: Mr. Chairman, I just want to say that I thought the remarks of the President of the Privy Council (Mr. Lamontagne) most interesting, more particularly in view of the Leader of the Opposition (Mr. Diefenbaker) inviting him the other night to give us a fuller explanation of the philosophy on which the government has based its planning.

And, with regard to this matter, I wonder if the hon. member for Parry Sound-Muskoka (Mr. Aiken) and the hon. member for Pontiac-Temiscamingue (Mr. Martineau) recall certain words of the minister. I apologize, Mr. Chairman, for a slight impingement on the rules by quoting certain words which the minister used when discussing the motion for second reading. According to page 2087 of *Hansard*, he said:

> To overcome our present difficulties, we need new policies, applied in a new spirit and within new administrative structures. In other words, we need a plan so that the various aspects of the economic policy will be well co-ordinated and so that the private sector can work in the same direction as the government towards the common objective of harmonious growth.

Mr. Chairman, I think that those fine words aim at full planning, and that this is only an effort on the part of the minister to tell us that the aim and philosophy of the economic council are complete planning in the public or private sectors.

I believe no one could infer anything else from these remarks.

(Text):

I was also referring to certain statements made by the minister the other day. There was some indication he felt the private sector of the economy had been deficient. We wonder how he felt we might be able to cure these so-called economic ills which, he says, came about because of stagnation in the private sector. Is there to be an artificial stimulation of the private sector or is it through the stimulation of the public sector

that we hope to bring about a reinvigoration of the economy? Is it perhaps, by a combination of both? I think the answers to these points would be most constructive and it is most important we should get some clarification with regard to this. In the light of some of the philosophy which has permeated the Liberal party in the last couple of years and which has been evident in the speeches of Liberal party spokesmen old and new, but chiefly new, it seems we are entering upon an era of the planned economy. This is something I want to know: are we to have planning and, if we are to have planning, how is the government to guarantee the efficacy of the planning unless there is an effective degree of control? I am sure all hon. members will agree that controls breed controls, and if there is anything which is debilitating to the economy it is control and supercontrol. These are matters in which both businessmen and private individuals are deeply concerned. They are concerned at the direction which policies have tended to take and they have been interested in certain legislation which has been proposed, including provision for an economic council. I think we could perhaps have some light thrown by the minister on the future of this council.

Mr. Fleming (Okanagan-Revelstoke): While it is true that we in the opposition may have reservations about certain particulars in this bill, while we may feel there are provisions contained in it which are not sufficiently precise and which do not indicate how far the government is prepared to go in implementing the recommendations of the economic council, I think we are nevertheless encouraged by the fact that the government is prepared to create an economic council for Canada.

If the policies of the last two months to which we have been exposed in this house are any indication of the government's ability to govern this country in the absence of advice, then we look forward to the creation of a council which may provide hon. gentlemen opposite with an opportunity to accept advice enabling them to avoid some of the errors of the past ten weeks or so. We have in the course of this very evening considered certain government policies whose implementation can only have the effect of diminishing growth and retarding progress. In this bill, on the other hand, we find that if this economic council is created as outlined it will be entrusted with responsibility for advising, recommending, studying, exploring, encouraging, fostering, promoting and so on. All these tasks are being given to the council to do so as to encourage the government to find out what its responsibility is to the people of Canada and to the growth of the Canadian economy. On the face of the performance of the government since this session began this is essential because when one considers that as a consequence of policies so far announced it is conceivable that major developments in the province of British Columbia and, by projection, in other provinces throughout Canada could be retarded, it becomes clear that this government requires the assistance of recommendations, inquiries and so on by qualified people.

We do not know, of course, at this moment who the government intends to appoint to provide this assistance and advice. In order to know how effective this economic council may be, we shall have to be given some idea of the people who are to provide this advice to the government, and what their qualifications are. At the moment it is probably incumbent on us to be reasonably hopeful—to be encouraged by the fact that the government has taken up an idea from the former administration and is prepared to create a council to advise, to encourage, to promote and to study. We shall not argue with these objectives. At the same time we might ask: will the government pay any attention to this advice? On the basis of what we have seen so far, is it to be expected that this council will have any effect on policy? Will it, in fact, be able to persuade the government, on the basis of its studies, that there is a necessity in Canada for a fresh approach to the problems which confront us?

The hon. member for Parry Sound-Muskoka spoke of the undesirability of imposing on businessmen small or large the necessity of filling out more forms and questionnaires most of which do not seem destined to serve any practical purpose. Most hon. members are aware from their own experience or from the experience of others that in relation to one branch of government alone, the dominion bureau of statistics, a great many merchants and businessmen of one kind or another are required to devote a substantial part of the annual cost of their operations to filling out forms to provide information which apparently it never used or, even after it is assembled for use, is not comprehended. There are a great many businessmen in this country who are sympathetic to the idea of the government acquiring information on which to base policy, which would make it possible for them to thrive and prosper. But when they find that a substantial part of their time is devoted to doing the bookkeeping for the government, resulting in the services

of many of their staff being effectively removed, they tend to question the efficacy of the type of legislation we have before us at this moment.

The idea of an economic council drawing upon the best advice that business and the professions in every phase of our economy can provide is a sound idea, but I think we also need some assurance that if we do draw on this experience, if we do draw upon the competence of qualified men from every segment of the Canadian economy, when they make recommendations they will be heeded, for if they are not this is an exercise in futility. I do not wish to unduly emphasize this, but if we go back to the business that has been under discussion in the house earlier tonight and the business that has been done in the house over the past two months we must realize that the present government has taken advice from no one who understood what policies are essential to the development of the economy of Canada. If they had taken such advice they would surely never have introduced some of the policies, either budgetary or legislative, that have been brought into the house in the last two months.

I can only say, Mr. Chairman, that this idea is a good idea in essence. Potentially it is an excellent idea, but if it is only a measure brought in here to keep the people quiet, to make it appear as though something is being done, then the people of Canada are going to be misled and further disillusioned, for I believe there is a great deal of disillusionment in the country now. We must avoid creating another government body whose function is to do nothing but advise and be ignored.

Therefore we will need assurance from the minister that when the council is created, not only will it be given the authority to assemble all of the information, to bring together all of its strength and its resources and the benefit of all its wisdom but that having done that, having evolved ideas that can assist the government in creating policies for the development of Canada, its recommendations —for only the government can take the responsibility for policy—will be heeded, and that the government will not legislate for the country as it has done during the past two months.

(Translation):

Mr. Beaule: Mr. Chairman, we now have before us Bill C-72, an act to provide for the establishment of an economic council of Canada. I hope that the purpose of this council is not to give rewards to those people who have served the party well, but on the contrary, that it will find solutions to stimulate our economy.

[Mr. Fleming (Okanagan-Revelstoke).]

Mr. Chairman, I think that our first task is to restore our own confidence in our country and to decide what part we want to play in this rapidly changing world. Our country still possesses the same tremendous resources and the same people, while offering even greater possibilities than ten years ago, when its reputation was at its best, when we looked at the future with confidence and when the whole world considered us as the country which offered the best hopes and promises.

It is worth while trying to find out why confidence in Canada has declined. The main reason of the present lack of confidence in our country is the fact that we have failed to choose a formal and clear policy in the field of trade. The reason for this concern is of course that Canadians, as most other people, take an intelligent interest in their own financial affairs.

It may be that the reason for this lack of a well-defined economic policy lies in the fact that such a policy requires nowadays that difficult options be made concerning trade in a rapidly changing world and that those alternatives require necessarily that decisions be taken which might cause discomfort in some fields, in some industries and would inevitably require that sacrifices be made in the interest of the general economy. Many disappointments face the ambitious persons who are not ready to make sacrifices. The true freedom is to make a choice and not simply to have a choice to make.

Mr. Chairman, we can no longer be satisfied with making mere distinctions between primary and secondary industry or between domestic and export industries. They are all interdependent. In most cases, the same company manufactures products to sell in Canada or outside and could not, therefore, without undergoing grave strains argue some day in favour of a freer trade for export products and try the next day to obtain more protection for its Canadian markets. Our industry provides a good example of that situation.

We have an important part to play in our economy. Should we fail to play that part, to take position on the important questions of today, in that case, if things went worse, we should have no one to blame but ourselves if, later on, the decisions made were not to our liking; and even if everything worked out for the best, our national effort

would be weakened by the indecision and the silence of the businessmen. It is imperative that there be some communication between the public and the private sectors but the voice of business on important questions has too often been confused and weak.

Mr. Chairman, the minister said that he wanted a planned economy. The word "planning" nowadays has a strong emotional connotation. It is being used indiscriminately and brings about violent reactions, which are either favourable or unfavourable.

The concept of national economic planning seems to have gained much more with us. But we are still very evasive when it comes to giving an exact definition of what we really mean by economic planning.

Is there one successful company without planning? We must reckon with the human element and individual freedom to decide what should be done to serve a company's best interests. The second prerequisite is to define a company's objectives. A man gives his best when he has been assigned definite objectives, knowing that he is free to attain them on his own initiative.

Both conditions are important. If you set objectives and limit the freedom of the individual trying to attain them, in general, he will never succeed. On the other hand, if he is given full freedom of action without any definite objectives, you will have confusion.

Both conditions are also necessary on a national scale. The objectives must be well defined. In other words, we have to do some planning; all sectors of our economy, that is, industry, labour, agriculture, etc., must be left free to experiment and choose with a view to attaining the national objectives. Such planning on a national scale is not synonymous with socialism and does not mean that the state must take over and control our economy. As a matter of fact, socialism, in its strictest meaning, carries the germ of its own defeat and not only on the theoretical level, because we think that it entails an inferior way of life, but on the level of practical achievement, since an economy where administration is too centralized and controlled will be less successful, produce less and will be less efficient than the one where the individual is left free to choose and make his own decisions.

But personal initiative has little chance to give the best results on a national scale unless objectives are clearly set out. And such national objectives can only be established when the government has clearly defined and explained them and shown their benefits, after having consulted all economic groups.

We are today facing a serious problem of surplus capacity which, for several years, will cause serious difficulties in the marketing field. During those years, we should be able to rely on a national policy ensuring a freer and easier access to world market for our products, on a fiscal policy enabling us to maintain employment, to improve our equipment and productivity and, lastly on a transportation policy which will permit us to compete in Canada and abroad.

Finally, we must, because of the size of our industry, establish and publicize our objectives five to ten years ahead, so that the government, as well as industry and labour, can take the necessary steps to reach this goal.

Mr. Chairman, it is to be hoped that when the minister is talking of economic planning, these are the directives which he intends to give to the economic council. But I doubt that the economic council will reach its objectives, because the minister has not provided in the bill for the necessary financial reforms, in order to make the responsibilities of the Bank of Canada more flexible, to increase the purchasing power, in brief to achieve the production level which would make financially possible what is physically desirable in Canada.

(Text):

Mr. Chairman: Shall clause 1 carry?

Some hon. Members: Agreed.

Clause agreed to.

The Chairman: Clause 2?

Mr. Churchill: No, we shall stop there. It is 10.30.

Progress reported.

BUSINESS OF THE HOUSE

Mr. Pickersgill: Mr. Speaker, before I say anything about the business for tomorrow, I want to express appreciation of the co-operation in getting this extra half hour and getting a start on this other bill. I did raise a question with my hon. friend from Winnipeg South Centre about sitting tomorrow evening. I gather that would be inconvenient, but I wondered about the possibility of perhaps sitting until seven o'clock, which might not inconvenience members unduly and might make the difference between getting through and not getting through.

Business of the House

Mr. Churchill: I regret that it would be inconvenient to sit tomorrow night. I have an alternative proposal which we might confirm after each party has a caucus tomorrow. We would give consideration to extending the hours even further on Thursday, and really extending them on Friday to see if we could not wind up this week. I am not making any commitment at this stage, but I am prepared to discuss that with my colleagues, and later tomorrow confer on this proposal.

Mr. Pickersgill: I can assure hon. members on the other side of the house that I believe I can speak for everyone on this side of the house when I say we are willing to sit whatever hours hon. gentlemen on the other side are willing to sit this week, with a view to completing the work of this part of the session before the end of the week. If hon. members would consult in caucus and let me know after the caucuses tomorrow, I would be glad to make the necessary proposal tomorrow to the house.

Mr. Thompson: I believe that all members in this house are interested in getting through the work which is before us as quickly as possible. I can assure the house leader that we will discuss this tomorrow morning, but I can say now that we will join in any general agreement to extend the hours in order that we can get through the work as quickly as possible.

Mr. Knowles: Perhaps the four of us who deal with these matters might meet for a few minutes when the house rises so we will know what it is we are going to discuss in our caucus meetings tomorrow morning.

Mr. Pickersgill: That is a very good idea.

Mr. Churchill: I hope, with all this preparatory work, the house leader will not add another item to the business he has already proposed.

Mr. Pickersgill: I am happy to say that I can subtract one because we got through the bridge bill today. Tomorrow we will complete, I hope, the excise tax bill. Then, we will go back to the economic council bill which we have been discussing. Then, after that, we hope to start and perhaps complete second reading at least of the municipal development loan bill.

Mr. Churchill: That is enough for Wednesday.

Mr. Pickersgill: Yes, that is enough for Wednesday. I perhaps might indicate we will continue on Thursday with the same order I outlined, the municipal loan bill and then the surcharge order. Unless I am mistaken, the only other thing is interim supply. However, I must enter the same caveat as I entered last night, about which the Prime Minister will make a statement tomorrow.

Mr. Thompson: I wonder if I might ask the house leader a question concerning the business for tomorrow? Would it inconvenience his plans too much if we went on with the economic council measure tomorrow after orders of the day in order that we might carry through with what we have been talking about tonight?

Mr. Pickersgill: I must say that if that would meet the wishes of the members of the house, and I take it there is nothing more in the committee stage of the tax bill except the one amendment that is under consideration, and if it is felt the continuity would be better if we took the economic council first, the government would not mind at all.

Mr. Churchill: You cannot get exact continuity because first, you have the interruption tonight, then questions on orders of the day, and so on. Let us finish off the excise tax bill first and take things in the order the house leader has suggested.

Mr. Pickersgill: Perhaps it could be clearly understood that we could go right on with the excise tax bill for third reading after the committee stage?

Mr. Churchill: Not necessarily; I do not think you should have third reading when there is an amended bill.

Mr. Knowles: I think we had better have the meeting.

Mr. Pickersgill: Perhaps I had better stick to the order of business I announced at the beginning. I want to thank the hon. member for Red Deer for his co-operation.

It being twenty two minutes before eleven o'clock, the house adjourned, without question put, pursuant to standing order.

HOUSE OF COMMONS

Wednesday, July 31, 1963

The house met at 2.30 p.m.

THE ROYAL ASSENT

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

Ottawa, July 31, 1963

Sir:

I have the honour to inform you that the Honourable Wilfred Judson, judge of the Supreme Court of Canada, acting as Deputy to His Excellency the Governor General, will proceed to the Senate chamber today, the 31st July, at 5.45 p.m., for the purpose of giving royal assent to certain bills.

I have the honour to be,
sir,
Your obedient servant,
A. G. Cherrier
Assistant Secretary to the Governor General.

HOUSE OF COMMONS

ANNOUNCEMENT OF PAY INCREASES FOR CERTAIN STAFF MEMBERS

Mr. Speaker: Yesterday an inquiry was directed to the Minister of Finance concerning pay increases for certain employees of the House of Commons who are ordinarily referred to as group D employees. May I be permitted to inform the house that the commissioners of internal economy have approved pay increases for these employees in line with the increases authorized for group D employees of the public service.

For the information of hon. members perhaps I might, by leave, table lists in English and in French covering the salary revisions.

[*Later:*]

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): May I ask the Minister of Finance whether he can tell the house the effective date of the increases in pay for House of Commons employees, to which Mr. Speaker made reference?

Hon. Walter L. Gordon (Minister of Finance): October 1, 1962.

BANKING AND COMMERCE

Sixth report of standing committee on banking and commerce—Mr. Asselin (Notre Dame de Grace).

BANKRUPTCY ACT

AMENDMENTS RESPECTING ADMINISTRATION OF SMALL ESTATES

Hon. Lionel Chevrier (Minister of Justice) moved the first reading of Bill No. S-2 (from the Senate), to amend the Bankruptcy Act.

Motion agreed to and bill read the first time.

QUESTIONS

Mr. Pickersgill: Mr. Speaker, the following questions are being answered today: 631, 795, 827, 832, 884, 891, 915, 928, 942, 943, 954, 959, 963, 969, 972, 987, 991, 994, 995, 996, 997, 1,034, 1,045, 1,050, 1,052, 1,053, 1,061, 1,069, 1,072, 1,076, 1,077, 1,091, 1,092, 1,093, 1,106, 1,112, 1,113, 1,114, 1,117, 1,125, 1,127, 1,128, 1,132, 1,137. If question No. 454 could be made an order for return the return would be tabled immediately. I would also ask that question 1,111 be made an order for return. If Your Honour would be good enough to call starred questions Nos. 1,080, 1,124 and 1,138, I would ask that the remaining questions stand.

Mr. Diefenbaker: Mr. Speaker, if I may speak to this matter, there are quite a number of questions the answers to which are falling far behind. I can understand that some of these questions are difficult to answer, but it would be most helpful if it could be done even though the number may be great. Question No. 832 standing in the name of the hon. member for Oxford reads as follows:

How many letters or telegrams have been received by the Prime Minister in criticism of the imposition of the 11 per cent sales tax on (a) building materials (b) production machinery?

Question No. 833 requests similar information of the Minister of Finance. That is information that should be readily available, however numerous these letters and telegrams might be. Then there is question No. 477, which has been on the order paper since June 13. This is one about which there should be no difficulty in answering because it relates to the number of the present ministers of the crown who were employees of the federal public service.

Furthermore, I feel it would be most helpful if most of the remainder of these questions could be cleaned up now. I know what difficulties the printing bureau have and when, day after day, 50 or 100 questions are simply put over until another day, this imposes an extra burden upon the printing service.

Mr. Pickersgill: I do not think I can allow the right hon. gentleman's observations to pass without a comment. In so far as the first two questions to which he referred are concerned, I suppose it is a matter of the utmost public interest that the number of telegrams received should be communicated to the house. I will ask the Prime Minister and the Minister of Finance if they could not have them counted.

As for the record generally, I suggest that the number of questions that have been answered, in relation to the total volume of written questions in this session, will compare favourably with any other session in the last quarter of a century.

(Translation):

Mr. Gilles Gregoire (Lapointe): Mr. Speaker, I support the observations just made by the right hon. Leader of the Opposition (Mr. Diefenbaker), more particularly concerning other questions which have been on the order paper since June 13 last and to which it would be relatively easy to give an answer.

I wonder whether the Secretary of State (Mr. Pickersgill) could explain why the replies to those questions are delayed when some of them involve information quite easy to obtain. For instance, I notice that question No. 508—and there are several in the same class—deals with the number of deputy ministers in the Post Office Department. Well, I am convinced that there are not so many. I think the Secretary of State would prove his good faith by answering questions to which answers can be easily provided.

I think that those questions have been on the order paper long enough and that the members who asked them are entitled to answers. I therefore would ask the Secretary of State to explain why the government delays the answers.

(Text):

Mr. Pickersgill: I explained to the hon. gentleman before, and I should like to explain to him again, that the government has been giving very careful consideration to the most satisfactory means of providing the information that I think is honestly and rightly desired. However, the actual form of the questions makes the compilation of the information somewhat difficult, and I had planned, even before the hon. gentleman raised his point, to ask the hon. gentleman if I could have a little time to discuss these questions with him and perhaps with one or two of his colleagues this afternoon. I should like very much, and I know the government would like very much, to give satisfactory answers to these questions before we adjourn. If I could see the hon. gentleman I would be only too happy to discuss the problem with him.

Mr. Gregoire: We will accept that, and even if we do not have answers to all these questions we will be satisfied.

Mr. Valade: I should like to say a word on that point. My question No. 477 is quite different from the one that was contemplated by the Secretary of State. I am sure he knows his colleagues and, since my question has been standing for a month and a half, I think I should get an answer from him. I would be surprised if the hon. gentleman does not know his own colleagues.

Mr. Pickersgill: As a matter of fact, if the hon. gentleman would get the Parliamentary Guide and spend half an hour studying it, he could probably find the answers himself.

Mr. Speaker: Does the house give consent to questions 454 and 1,111 being made orders for returns?

Some hon. Members: Agreed.

[*Later:*]

On the orders of the day:

Mr. G. H. Aiken (Parry Sound-Muskoka): I wish to direct a question to the Secretary of State. While the Secretary of State is working in an effort to clear up answers to written questions would he also hasten the provision of returns to orders for the production of papers, so that as many as possible might be made before we adjourn?

Mr. Pickersgill: They are being hastened, and I think the proportion of returns will be found to be as high as it has ever been.

Right Hon. J. G. Diefenbaker (Leader of the Opposition): The question I wanted to ask was this. Following the course the hon. gentleman always adopted when he was on this side of the house, I wish to ask him if he will table tomorrow a list of the orders for returns which have been asked for and have not been made, and indicating when these returns may be brought down.

Mr. Pickersgill: I would be able to give the same kind of return that was given by the right hon. gentleman's colleague when it was asked for by me, and I will give it tomorrow. However, I shall not attempt to prophesy when the returns will be made.

Mr. Diefenbaker: It will be full and comprehensive.

Mr. Pickersgill: It will be complete.

(Questions answered orally are indicated by an asterisk.)

SPECIAL ASSISTANT TO POSTMASTER GENERAL

Question No. 631—**Mr. Fisher:**

1. Has the Postmaster General taken an executive assistant or a special assistant on staff and, if so, what is this person's name, age, place of birth, institutions of education and educational qualifications, governmental or business experience (position held, length of experience, name of firm) and initial and present salary with the government?

2. What length of time has this assistant undertaken to serve the Postmaster General and/or what engagement in length of time was given to the assistant by the minister?

3. In brief, what particular qualities of this assistant led the Postmaster General to engage him?

Mr. Denis: 1. Yes—executive assistant. Gaston Clermont, 49, born at L'Abord-à-Plouffe, P.Q., now Chomedey. He attended elementary school at L'Abord-à-Plouffe and high school at the Académie Dujarié, Cartierville, Montreal. His post high school training was in finance and commerce.

Business experience—ten years with the Provincial Bank of Canada; five years with the Singer Manufacturing Company, Thurso, P.Q., in the personnel and accounting departments; fifteen years with the Thurso Lumber and Planing Mills as manager and subsequently secretary treasurer.

Elected to the House of Commons as member for the constituency of Labelle at the by-election, October 31, 1960, and re-elected at the general election, June 18, 1962.

Initial salary—$9,000.

Present salary—$9,000.

2. Full time and at the pleasure of the Postmaster General.

3. Full confidence in this person in every regard.

WORKING CONDITIONS ON D.E.W. LINE

Question No. 795—**Mr. Orlikow:**

1. Has the Federal Electric Corporation recently presented to employees working on the D.E.W. line a contract which includes a pay cut and an increase in the hours worked per week, plus a one seventh increase in work load due to a one seventh cut in technician training?

2. Are American technicians on the D.E.W. line paid a higher weekly rate than Canadian technicians doing exactly the same job, and, if so, what is the difference in the rate?

3. Are workers given a 24 hour period between shifts in lieu of a full day off per week?

4. Have any workers been dismissed because they refused to accept the new contract and, if so (a) were they shipped out by D.O.T. planes (b) how much notice was given to such workers?

5. Under the contract offered to the workers, must they work 12 hours a day, seven days a week, for an indefinite period of time at no extra pay; and have any workers who protested these terms been dismissed?

6. Has the Department of Labour approved the new rates of pay and, if so, when did they give such approval?

Questions

7. Is there an agreement between the Federal Electric Corporation and the Canadian government that 80 per cent of the personnel on the D.E.W. line should be Canadian and, if so, has this agreement been lived up to?

8. On April 1, May 1, and June 1 of this year, what percentage of the workers were Canadian?

9. At the present time, is the Federal Electric Corporation bringing personnel from Great Britain and Ireland to work on the D.E.W. line and, if so, are the rates of pay to them lower than those presently being paid?

Answer: 1. Federal Electric Corporation served notices of termination, effective June 30, 1963, of all individual contracts for services held with employees on the D.E.W. line and offered new contracts of employment at downgraded rates of pay, with no change in the hours of work. No information is available concerning work load.

2. Certain United States employees such as crypto radicians are paid higher rates than Canadian radicians. Security arrangements require the use of U.S. citizens on cryptograph instruments. No information is available as to the difference in rate of pay at the present time.

3. No information available.

4. No information available as to dismissals. Workers are transported by contract planes, not D.O.T. planes.

5. Contract offer was rescinded by Federal Electric.

6. Yes, the presently existing rates were approved on June 24, 1963.

7. The exchange of notes between Canada and the U.S. requires that preference be given to qualified Canadian labour, and that the entry of United States personnel shall be in accordance with Canadian customs and immigration procedures.

8. Ninety seven per cent of total employees on the Canadian sector of the D.E.W. line were Canadian citizens as at April 20, 1963. No such information available with respect to the dates of April 1, May 1 and June 1.

9. Federal Electric Corporation has denied that it is bringing personnel from Great Britain and Ireland to work on the Canadian sector of the D.E.W. line.

C.N.R. RENTAL OF ROLLING STOCK

Question No. 827—**Mr. MacEwan:**

1. How many units of railway rolling stock, including gondolas, hoppers, box cars, and so forth, are being operated by the Canadian National Railway in Canada on a rental basis from United States companies?

2. What is the breakdown in numbers of the various types of unit?

3. How many units are being used in the Atlantic provinces?

4. What is the breakdown in numbers of the various types of unit?

Questions

5. What types of materials or products are being transported by the units in the Atlantic provinces?

Mr. McIlraith: The management of Canadian National Railways advise as follows:

1 and 2. Canadian National has under lease certain units of equipment primarily for test purposes such as newly designed mechanical refrigerators, hydro frame cushion box cars and tri-levels.

3 and 4. These cars are not specifically assigned to the Atlantic region but in the normal course of carriage of traffic they could be used in that area.

5. Automobiles and products requiring refrigeration in transit.

PROTESTS AGAINST SALES TAX ON BUILDING MATERIALS

Question No. 832—**Mr. Nesbitt:**

How many letters or telegrams have been received by the Prime Minister in criticism of the imposition of the 11 per cent sales tax on (a) building materials (b) production machinery?

Answer: (a) 603; (b) 60; 108 communications were also received mentioning both building materials and production machinery.

AMALGAMATION OF ARMED FORCES UNITS

Question No. 884—**Mr. Douglas:**

1. What corps or units of one of the armed services have been unified or amalgamated with corps or units of other of the armed services since January 1, 1946?

2. Have either or both the medical corps and the chaplain corps of the three services been unified or amalgamated and, if so, (a) when (b) what was the establishment by ranks before and after amalgamation (c) what was the cost of providing (i) medical services (ii) chaplaincy services, in the last full fiscal year before unification, and in the first full fiscal year after unification?

Answer: 1 and 2. The medical branches of the armed forces were unified as the Canadian forces medical service in January 1959, and the chaplain services were integrated at headquarters in September 1958 and at command level in December 1959. Establishment by ranks before and after amalgamation is as follows:

Ranks (Equivalent)	Medical Establishments Prior To Unification 15 Jan 59					Canadian Forces Medical Service Establishment
	Navy	Army	Air	Special List	Total	1959-60
Major General	—	—	—	1	1	1
Brigadier	1	1	1	—	3	3
Colonel	3	8	5	3	19	19
Lt Colonel	9	34	26	1	70	68
Major	40	98	71	—	209	210
Captain	72	180	149	—	401	399
Lieutenant	83	228	236	—	547	546
W01	10	17	4	—	31	30
W02	20	40	11	—	71	70
S/Sgt	65	63	34	—	162	162
Sgt	84	245	131	—	460	452
Cpl	66	498	229	—	793	787
Pte	132	681	375	—	1,188	1,179
Total	585	2,093	1,272	5	3,955	3,926

Chaplains		
Before	Rank	After
198	Class 2	201
45	Class 3	44
24	Class 4	20
6	Class 5	6
0	Class 6	2
273		273

The cost of providing chaplaincy services including pay and allowances, travelling and removal expenses, medical expenses and the government's contribution to the pension fund in 1957-58 was $1,999,805 and in 1959-60 $1,967,997. The cost of providing medical services including pay and allowances, travelling and removal expenses, medical expenses, civilian consultants, medical supplies, operation and maintenance costs can only be provided on an estimated basis as it is difficult to break down the actual cost data of personnel salaries for other than medical personnel, building maintenance, and other operation and maintenance costs, which can be related to the provision of medical services.

[Mr. MacEwan.]

However, it has been estimated that in 1957-58, these were $35,233,200 and in 1959-60 $34,973,900.

MINISTERS OF AGRICULTURE SINCE CONFEDERATION

Question No. 891—**Mr. Gauthier:**

1. How many Anglo-Canadian ministers of agriculture were there since confederation?
2. How many French-Canadian ministers of agriculture were there since confederation?

Mr. Hays: The following have held the portfolio of minister of agriculture since confederation:

Name	Constituency represented
Chapais, Hon. J. C.	Champlain (Quebec)
Dunkin, Hon. C.	Brome (Quebec)
Pope, Hon. J. H.	Compton (Quebec)
Letellier de St. Just, Hon. L.	(Senator),
Pelletier, Hon. Sir C. A. P.	Kamouraska (Quebec)
Carling, Hon. Sir J.	London (Ontario)
Angers, Hon. Sir A. R.	La Valliere (Quebec)
Montague, Hon. W. H.	Haldimand (Ontario)
Fisher, Hon. S. A.	Brome (Quebec)
Burrell, Hon. M.	Yale-Cariboo (British Columbia)
Crerar, Hon. T. A.	Marquette (Manitoba)
Tolmie, Hon. S. F.	Victoria City (British Columbia)
Motherwell, Hon. W. R.	Melville (Saskatchewan)
Weir, Hon. R.	Melfort (Saskatchewan)
Gardiner, Rt. Hon. J. G.	Melville (Saskatchewan)
Harkness, Hon. D. S.	Calgary North (Alberta)
Hamilton, Hon. A.	Qu'Appelle (Saskatchewan)
Hays, Hon. H. W.	Calgary South (Alberta).

RENTAL OF LAND, FORT ST. JOHN INDIAN AGENCY

Question No. 915—**Mr. Howard:**

1. Since January 1, 1962, has any land on or near Indian reserve No. 204 which is at or near a place called Moïc Flats in the Fort St. John Indian agency, been rented and, if so, to whom, at what rent, and for what period of time?
2. Was this rental discussed with the Indians involved and, if so, by whom, when, what decision was made by the Indians, and when was it made?
3. Was any public advertising engaged in regarding the proposed rental and, if so, what was the nature and text of the advertising, the names and addresses of the publications or other media which carried it, and the dates on which such an advertisement appeared?
4. Were any answers received as a result of the said advertising and, if so, what are the names and addresses of each person who so answered, the date of each answer, and the details of each reply?

Questions

5. Were any queries or proposals to rent received, other than those mentioned in part 4 hereof, in any way regarding the proposed rental and, if so, what are the names and addresses of the persons who so queried or proposed, the date of each answer, and the details of each such query or proposal.

Mr. Munro: 1. Yes. The whole of Beaton river Indian reserve No. 204 was rented to Joseph Hetman, P.O. Box 17, North Pine, B.C., for grazing purposes for a term of 5 years from April 1, 1962, at an annual rental of $95.

2. The renting of the land was approved by the council of the Beaver band of Indians by resolution dated February 16, 1962, and the lease to Mr. Hetman was approved by council resolution dated August 27, 1962.

3. Yes. The following invitation to tender was distributed to post offices in the area: "NOTICE TO THE PUBLIC

Tenders will be received by the undersigned at his office, federal building, Fort St. John, until 12 o'clock noon on February 28th, 1962, for the lease for grazing purposes of Beaton river Indian reserve No. 204, situated in township 115, range 18 west of the 6th meridian, and containing 883 acres.

The lease will be for a period of five years, renewable at the option of the Indian owners for further periods.

The lessee will undertake to fence with suitable material the perimeter of the said reserve.

The tenderer will state the price in one lump sum for the annual rent he offers to pay for this reserve, the said rent to be payable in advance each year.

E. J. Galibois,
Superintendent,
Fort St. John Indian Agency"
6th February 1962

4. Yes. Joseph Hetman, P.O. Box 17, North Pine, B.C., by letter dated February 6, 1962, offering an annual rental of $95.

5. There is no record of any queries or proposals received other than that mentioned in part 4 above.

DISCUSSIONS RESPECTING PENSION SCHEMES

Question No. 928—**Mr. Korchinski:**

1. Have any discussions been held with the provinces in connection with the proposed contributory pension plan?
2. Have any discussions been held with companies or firms that already have pension schemes?
3. Have any discussions been held with any insurance companies in connection with the proposed contributory pension schemes?

Miss LaMarsh: 1. The nature and scope of the Canada pension plan were made known to the House of Commons during the discussion of the resolution on July 18, and

this information formed the basis of discussions with the provinces at the federal-provincial conference on July 26 and 27.

2. No detailed discussions have been held, but study has been given to the effect and the relationship of the Canada pension plan to different types of private pension plans. This relates not only to private pension schemes in general but to pension schemes operated by crown corporations in particular.

3. Yes, representatives of life insurance companies have discussed their views with the government.

FOREIGN UNIVERSITY STUDENTS

Question No. 942—**Mr. Brewin:**

1. How many foreign students admitted to Canadian universities as non-immigrants have applied for admission to Canada?
2. How many have been granted admission to Canada, and what is the national origin of those who have been granted admission?
3. What is the national origin of the students who have applied and have been refused permanent admission to Canada?

Mr. Munro: 1, 2 and 3.

As the statistics maintained by the immigration branch do not distinguish between students who have been granted landed immigrant status and other persons who have been admitted to Canada as immigrants, it is not possible to answer the question.

FERRY "BLUENOSE"—SERVICING AT BAR HARBOUR

Question No. 943—**Mr. Fisher:**

1. What is the schedule of the C.N. ferry *Bluenose* into Bar Harbor?
2. Does the ferry fuel and take on other supplies at Bar Harbor and, if so, what advantages has Bar Harbor over Yarmouth for this servicing?
3. Has the C.N. received representations on this matter of supplying the *Bluenose* at Bar Harbor and, if so, from whom, and when?

Mr. McIlraith: The management of Canadian National Railways advise as follows:

1. Summer, daily (June 15-September 16, 1963, inclusive).

Leave Bar Harbor 8 a.m. eastern time, arrive Yarmouth 3 p.m. Atlantic time.

Leave Yarmouth 4.30 p.m. Atlantic time, arrive Bar Harbor 9.30 p.m. eastern time.

Winter, tri-weekly (September 17, 1963 to mid June, 1964) Tuesday, Thursday, Saturday.

Leave Bar Harbor 8 a.m. eastern time, arrive Yarmouth 3.30 p.m. Atlantic time, Monday, Wednesday, Friday.

Leave Yarmouth 9 a.m. Atlantic time, arrive Bar Harbor 2.30 p.m. eastern time.

(Times shown are local, daylight or standard, whichever is in effect).

To permit ticketing, customs and immigration inspection, acceptance of passengers and automobiles, time of embarkation begins 2 hours before sailing time. Advance reservations are necessary.

2. All supplies are taken at Yarmouth with the exception of fuel and lubricating oil.

3. No.

[Miss LaMarsh.]

CAMP IPPERWASH, ONT.

Question No. 954—**Mr. McCutcheon:**

1. What are the current plans of the government for utilization of facilities at Camp Ipperwash, Ontario?
2. If it is to be reactivated, to what degree in relationship to its former status?

Answer: 1. Current plans for Camp Ipperwash are based on a continuing use of its facilities by the Canadian army (regular), Canadian army (militia) and the Royal Canadian Army cadets. The facilities are also used, from time to time, by elements of the Royal Canadian Air Force, Royal Canadian Mounted Police, Ontario provincial rifle association and the Ontario provincial police.

2. The future use of Camp Ipperwash is under study.

C.N.R. TRACK MAINTENANCE, MARITIME AREA

Question No. 959—**Mr. Muir (Cape Breton North and Victoria):**

1. Does the management of the Canadian National Railways propose to inaugurate a new system of track maintenance in the maritime area on August 1, 1963?
2. What will be the reduction in the track maintenance employee force in the whole area?
3. What will be the reduction in the track maintenance employee force for (a) Hopewell subdivision and (b) Sydney subdivision?
4. What provisions are being made for continued employment of the maintenance men who will be displaced?
5. As a result of the proposed changes, will it be necessary for personnel affected to change their place of residence?

Mr. McIlraith: The management of Canadian National Railways advise as follows:

1. No.

2. to 5. Not applicable.

COMPETITION 63-PTAH-58, TRANSPORT DEPARTMENT

Question No. 963—**Mr. Fisher:**

1. How many applications were received by the civil service commission and/or the Department of Transport for competition No. 63-PTAH-58 for the position of principal clerk (secretary to assistant deputy minister, air)?
2. When did it become necessary for the incumbent of this position to possess the ability to speak, read and write both English and French fluently to fulfil the required duties?
3. Why was a decision made to make this position bilingual, and who made this decision?
4. Is this so-called bilingual requirement to take dictation in French necessary for official or semi-official correspondence, or both, and if so, what

percentage of time is required for taking dictation in French of official or semi-official correspondence, and its translation?

5. Is this so-called bilingual requirement to take dictation in French necessary for personal correspondence and, if so, what percentage of time is required for taking dictation in French of personal correspondence and its translation?

6. What percentage of time, if any, will the incumbent spend in (a) speaking French (b) reading French (c) writing French in this position, and with whom will French be spoken?

7. Do the duties of the position of clerk IV in the office of the assistant deputy minister, air, presently include taking dictation from this official and, if so, is it the intention that the position now be down-graded to a clerk II, or a clerk III, to compensate for the reduction of duties?

8. Which is considered to be the more important in this position (a) knowledge of work, efficiency, initiative and experience or (b) knowledge of French, and will this factor in itself be the overriding one in the filling of this position?

9. Are the services of the French section of the translation bureau no longer satisfactory for the translation of (a) official or semi-official correspondence or (b) personal correspondence, and if so, will there be a corresponding reduction in the staff of the French translation services of the translation bureau?

Mr. McIlraith: Parts 1 to 9: The qualifications for this position, for which nine applications were received, have been established on a bilingual basis because of the general desirability in a large administrative department such as transport for bilingual clerical staff to assist senior administrative officers in view of extensive contacts with persons using both languages. The requirement is related to official needs and does not involve any downgrading of other positions or major changes in regard to use of the services of the translation bureau.

The qualifications for the position were approved by the civil service commission in accordance with its statutory requirements.

TRIP TO HONG KONG BY FORMER AGRICULTURE MINISTER

Question No. 969—**Mr. Knowles:**

1. Did the then minister of agriculture make a trip to Hong Kong in April or May, 1961, and, if so, what was the purpose of the trip?

2. On what date did the then minister leave Canada for Hong Kong, and on what date did he return?

3. Was the then minister accompanied by any member of his staff?

4. Whas this trip made at public expense and, if so, what was the total cost thereof (a) for the then minister and (b) for any member of his staff?

Mr. Hays: 1. Yes. The purpose of the trip was stated by the then prime minister, in answer to a question in the house and as recorded on page 4017 of *Hansard* of April 26, 1961, to be "to secure sales for Canadian grain."

2. The available departmental records do not show the dates of the then minister's departure and return. As shown in reply to 3 below his special assistant left Canada on April 26, 1961, and returned on May 1, 1961. The then prime minister, in his statement to the house on April 26, 1961, stated that "The Minister of Agriculture is now en route to Hong Kong."

3. The then minister was accompanied by his special assistant, whose expense account showed that he left Canada on April 26, 1961, and returned on May 1, 1961.

4. Yes; (a) for the then minister the cost of the air transportation was $1,731.51. Details of other expenses are not available; (b) for the special assistant, $1,731.51 for air transportation and $220.37 for other expenses.

DISABILITY OR DEATH FROM RADIOACTIVE EXPOSURE

Question No. 972—**Mr. Peters:**

1. How many known accidents in Canada have resulted in disability or death as a result of exposure to radioactive materials?

2. How many of these accidents occurred in federal departments of the government?

3. Of those cases coming under (a) federal jurisdiction and (b) provincial jurisdiction, how many have been reported to the Department of National Health and Welfare by the various compensation boards throughout Canada?

Miss LaMarsh: 1, 2 and 3. From the records of federal departments and agencies (Department of National Health and Welfare, Department of National Defence, atomic energy control board, Atomic Energy of Canada Limited and national research council), no known accidents in Canada have resulted in death or in disability as a result of exposure to radioactive material. Disability is interpreted as physical disability requiring any loss of employment time.

C.N.R. AUTOMOBILE HANDLING FACILITIES, SYDNEY, N.S.

Question No. 987—**Mr. Muir (Cape Breton North and Victoria):**

Has consideration been given by the Canadian National Railways for the setting up of a compound in the Sydney-North Sydney area for the handling of automobiles arriving on railway "tri-level" equipment for Cape Breton and Newfoundland and, if so, what decision has been reached in the matter?

Mr. McIlraith: The management of Canadian National Railways advise as follows:

The matter of setting up such a compound is under consideration.

CIVILIAN TRAVEL ALLOWANCES, R.C.A.F.

Question No. 991—**Mr. MacLean (Queens):**

1. Does the Department of National Defence grant an allowance to civilian employees for their travel cost to and from their place of employment?

2. If so, has such an allowance been recently discontinued to some, or all, of the civilian employees at R.C.A.F. station, Summerside, and how many employees are affected?

3. Has there been any change in policy with regard to these allowances since May 1, 1963?

Answer: 1. Yes, at certain locations a commuting allowance is paid.

2. Yes, 225.

3. Yes, such allowances have been discontinued at establishments located less than 5 miles from the nearest community.

LIMITATION OF HIRING OF DEPARTMENTAL EMPLOYEES

Question No. 994—**Mr. Pritie:**

Is the government's staff control policy concerning the hiring of additional employees by departments imposed in 1962, still in effect and, if so, how long will this staff control policy remain in effect?

Answer: A minor change was made in the rules last March enabling the departments to recruit one employee for each five new vacancies in lieu of the former one employee for each ten new vacancies, until 85 per cent of the establishment is filled. Special relief has been and will be granted from time to time in areas where this is required in the interests of efficiency. Apart from this the present restrictions on recruiting will be retained throughout the remainder of the current fiscal year, after which time the policy will be further reviewed.

SALES TAX ON BUILDING MATERIALS—ADDITIONAL EMPLOYEES REQUIRED

Question No. 995—**Mr. Pritie:**

How many employees, in addition to those now in the department, will be required by the Department of National Revenue to issue new sales tax licences to manufacturers whose products are now subject to the 4 per cent tax on building materials and production machinery, and to supervise collections from these manufacturers?

Mr. Garland: The requirements for additional personnel will continue to be assessed in the light of the increased work load. The department has about 155 vacancies in its present establishment. These will be used to strengthen the excise tax staff to the extent of the need and the availability of qualified candidates.

EMPLOYMENT OF GORDON HEAD, WESTMINSTER HOSPITAL, LONDON

Question No. 996—**Mr. Nesbitt:**

1. Does Mr. Gordon Head, presently employed on the staff of Westminster hospital in London, demonstrate certain laboratory techniques to student technicians and interns in Westminster hospital?

2. Has Mr. Head assisted in the development of any product which is being recommended for use by a chemical company in Canada, and the United States?

3. Was Mr. Gordon Head reclassified from hospital laboratory helper grade 2 to assistant technician 2 and, if so (a) when did this reclassification take place and (b) did he receive an increase in pay?

Answer: 1. Yes.

2. Mr. Head has recently informed departmental officials that, some years ago, he made a suggestion to a representative of a chemical firm with respect to techniques to be used in the application of one of its products.

3. Mr. Gordon Head was reclassified from a hospital laboratory helper 2 to assistant technician 2.

(a) Reclassification took place effective June 1, 1962.

(b) Reclassification did not bring about an increase in pay as the salary ranges for the two classifications are the same.

(Translation):

ST. LAWRENCE RIVER—RETAINING WALLS BETWEEN LEVIS AND RIVIERE DU LOUP

Question No. 997—**Mr. Berger:**

1. How many sustaining walls were built on the south shore of the St. Lawrence river between Levis and Riviere du Loup from 1957 to 1963?

2. At what locations were such walls erected?

3. What were the amounts paid in each individual case?

4. To whom were the contracts awarded?

Mr. Badanai: 1. Fifteen sustaining walls were built.

2, 3 and 4. See following table.

Location	Amounts expended	Contracts awarded
St. Michel de Bellechasse		
Lots 49 and 50	$11,643.28	(state agent)
Part of lot 181	7,605.66	(state agent)
Lots 220 and 221	6,696.15	Arthur Simoneau (Charny)
Lots 113 to 134, 203 and 208	11,384.18	Noel Grenier (St. Raphael)
Lots 33 to 43	10,971.70	Arthur Simoneau (Charny)
Part of lot 181	5,058.63	Noel Grenier (St. Raphael)
St. Vallier		
Lots 41 to 49	16,049.40	(state agent)
Lots 49 to 53	5,100.00	Lionel Gaumont (St. Vallier)
Lots 118, 122, 125, 92 and 93	8,547.00	J. R. Denoncourt (Nicolet)
Lot 148	7,496.50	Gaumont & Freres (St. Vallier)

Berthier		
Lots 195 and 197, and part of lot 198	13,012.00	Les Entreprises du Cap-Diamant (Ste. Foy)
Lots 194 and 190	10,523.75	Les Entreprises du Cap-Diamant (Ste. Foy)
Lots 179, 182 and 183	7,517.50	Ovila Boucher (Berthier)
Part of lot 198 and part of lot 190	6,096.50	Ovila Boucher (Berthier)
L'Islet		
Lot 228	4,692.35	(state agent)

PERMIT FOR TELEVISION CABLE, CHIBOUGAMAU, QUE. OPERATE A TELEVISION CABLE

Question No. 1,034—**Mr. Laprise:**

Is Gagnon Television Limited, St. Felicien, Quebec licensed by the Department of Transport to operate a television cable to Chibougamau and Chapais and, if so, when was such licence granted, and for how long is it valid?

Mr. McIlraith: Yes, (a) commercial receiving station licences, Chibougamau—June 6, 1960, Chapais—April 13, 1962, (b) licences issued annually ending March 31.

(Text):

FATAL ACCIDENT, BORDEN-CAPE TORMENTINE FERRY

Question No. 1,045—**Mr. MacLean (Queens):**

1. Has an investigation been held into the recent accident on the Borden-Cape Tormentine ferry service which resulted in the death by drowning of a three and one half year old child?

2. Is consideration being given to safety measures which would lessen the likelihood of the recurrence of such an incident?

Mr. McIlraith: The management of Canadian National Railways advise as follows:

1. Yes, a preliminary investigation was held immediately following the accident, and complete investigation is now under way.

2. All aspects of the matter are being carefully examined.

EXTERNAL AID TO INDIA AND PAKISTAN

Question No. 1,050—**Mr. Matheson:**

1. What has the federal government done each year and at what cost, commencing with the year 1958, to provide external aid to (a) India and (b) Pakistan?

2. What plans has the federal government now under consideration for external aid to each of these countries, and at what cost and for what projected period?

3. What requests for external aid have been received from these countries, commencing with the year 1958, which the government has been unable to meet in whole or in part?

Mr. Martin (Essex East): 1. During the period 1958 until the end of the last fiscal year the federal government has extended development assistance to India and Pakistan in the form of capital projects, equipment, commodities and technical assistance. The appropriations for each country by fiscal years during the period concerned were:

	India	Pakistan
1958-59	$21.45 million	$13.00 million
1959-60	25.00 "	15.00 "
1960-61	25.00 "	15.00 "
1961-62	25.00 "	15.00 "
1962-63	19.50 "	12.10 "

2. The main estimates for 1963-64 which have been tabled in parliament contain an item of $41.5 million for Colombo plan purposes. Of this amount it is expected that $19.5 million and $12.25 million will be allocated to India and Pakistan respectively. These total amounts will be committed during the current fiscal year to projects which have been submitted by the governments of the two countries.

3. In each of the fiscal years since 1958 Canada has advised the governments of India and Pakistan of their allocation of Colombo plan funds and those governments have designed their Canadian program accordingly.

DECREASE IN INVENTORY, ARMED FORCES

Question No. 1,052—**Mr. Matheson:**

In the light of the answer given to question No. 906, by what estimated amount has the equipment inventory of the Canadian (a) navy (b) army and (c) air force decreased in value since 1956?

Answer: The inventories of the services are maintained on a physical basis only and figures for the value of our inventories are not available.

ARMED FORCES EXPENDITURES

Question No. 1,053—**Mr. Matheson:**

In each of the last ten years of record, what have the (a) navy (b) army and (c) air force spent for (i) equipment and (ii) all other purposes?

Answer:

($000)		1962-63	1961-62	1960-61	1959-60	1958-59
(a) Navy	(i) Equipment	62,389	62,046	46,820	58,737	82,040
	(ii) Other	211,125	213,574	202,095	200,133	193,325
(b) Army	(i) Equipment	28,539	28,859	29,493	27,330	42,336
	(ii) Other	416,489	415,056	375,233	376,699	393,155
(c) Air Force	(i) Equipment	152,812	225,659	204,770	201,837	300,696
	(ii) Other	566,298	567,052	556,418	546,689	539,470

	1957-58	1956-57	1955-56	1954-55	1953-54
	112,635	150,822	169,693	143,058	150,081
	184,608	178,718	173,908	162,715	141,299
	30,580	55,133	69,066	94,711	105,233
	298,831	408,248	396,018	362,446	334,315
	266,224	244,286	302,754	379,013	472,457
	593,957	657,272	521,866	454,869	454,245

PER CAPITA DEBT AND NATIONAL PRODUCT

Question No. 1,061—**Mr. Matheson:**

1. What is the per capita direct and guaranteed (a) municipal (b) provincial (c) federal and (d) total public debt and debt service in each year commencing 1955, up to and including the most recent information?

2. What are the annual totals of (a), (b), (c) and (d)?

3. What is the per capita consumer debt in each year, 1955 to date?

4. What is the annual per capita gross national product in each of these years?

Answer: 1 and 2. See attached statement.

3. The dominion bureau of statistics publishes a monthly report "Credit Statistics" catalogue No. 61-004. The data in this report represent only the estimated amount outstanding on the books of selected holders of credit and are not intended to cover total credit. Information is not available on certain avenues of service credit such as the amount owing to doctors, dentists, and certain service establishments as hotels, the outstanding balances owing to utility companies, transportation companies, loans between individuals, etc. There is, therefore, no absolute total of consumer credit available.

The totals for credit shown below is the total of balances outstanding on the books of the following types of companies: Sales finance companies; small loan companies; chartered banks—personal loans; life insurance companies policy loans; Quebec savings bank loans; retail dealers; oil company credit cards; credit unions.

A breakdown of credit outstanding is shown for each type of holder in the monthly dominion bureau of statistics report, catalogue No. 61-004, "Credit Statistics".

Year	Population[1] (thousands)	Credit standing (millions)	Per Capita Credit standing (dollars)
1955	15,698	2,956	188
1956	16,081	3,303	205
1957	16,610	3,365	203
1958	17,080	3,676	215
1959	17,483	4,117	235
1960	17,870	4,448	249
1961	18,238	4,817	264
1962	18,570	5,242[2]	282

[1] Estimated as of June 1 for intercensal years.

[2] Balances outstanding for credit unions not available for 1962—same figure of $525,000,000 for 1961 used for 1962.

4. Annual per capita gross national product: 1955, $1,728; 1956, $1,902; 1957, $1,921; 1958, $1,926; 1959, $1,997; 1960, $2,029; 1961, $2,052; 1962, $2,176.

SELECTED PUBLIC DEBT STATISTICS FOR FISCAL YEARS ENDED NEAREST DECEMBER 31

	1955		1956		1957		1958		1959		1960	
	Total	Per capita	Total	Per capita	Total	Per capita	Total	Per capita	Total	Per capita	Total	Per capita
	$'000	$	$'000	$	$'000	$	$'000	$	$'000	$	$'000	$
Direct and guaranteed debt:[1]												
Federal	20,060,052	1,247	19,818,806	1,193	20,455,724	1,198	23,204,316	1,327	25,060,182	1,402	26,385,600	1,447
Provincial	4,173,059	259	4,666,896	281	5,209,490	305	5,859,136	335	6,408,457	359	7,105,221	390
Municipal	2,662,096	166	3,055,701	184	3,387,147	198	3,821,046	218	4,334,289	242	4,843,347	265
Total[2]	26,895,207	1,672	27,541,403	1,658	29,052,361	1,701	32,884,498	1,880	35,802,928	2,003	38,334,168	2,102
Total[3]	26,583,705	1,653	25,183,314	1,636	28,674,055	1,679	32,475,171	1,857	35,361,661	1,979	37,843,633	2,075
Debt charges excluding debt retirement:[4]												
Federal	438,185	27.92	471,274	29.30	500,083	30.11	545,721	31.95	657,066	37.58	654,411	36.62
Provincial	54,817	3.49	55,308	3.44	54,844	3.30	55,351	3.24	57,076	3.26	66,878	3.74
Municipal	50,281	3.20	66,849	4.16	85,052	5.12	101,226	5.92	117,753	6.74	144,468	8.08
Total	543,283	34.61	593,431	36.90	639,979	38.53	702,298	41.11	831,895	47.58	865,757	48.44

[1]Less sinking funds.
[2]Inter-government debt not eliminated.
[3]Inter-government debt eliminated.
[4]On direct debt only; after deducting interest revenue and other recoverable debt charges; debt charges on guaranteed debt not available.

Questions

STEEL IMPORTS AND EXPORTS

Question No. 1,069—**Mr. Hamilton:**

1. By calendar years 1953 to 1962, what has been the total production, imports and exports, of steel for Canada?
2. What is the estimated amount in wages for each of the above mentioned years?
3. What is the amount, and value of exports of iron in the same ten years?

Answer: 1. Production, imports and exports of steel, 1953-1962:

Year	Production†	Imports*	Exports*
	(thousands of net tons)		
1953	4,116	1,716	302
1954	3,195	1,394	73
1955	4,535	1,450	505
1956	5,301	2,819	281
1957	5,068	2,921	388
1958	4,359	1,794	378
1959	5,901	1,482	571
1960	5,809	1,310	990
1961	6,466	1,057	837
1962	7,174	1,010	986

†Total ingots plus castings.

*Compiled on an equivalent steel ingot and castings basis. Imports and exports of steel rolling mill products are converted to the equivalent ingot and castings basis by using a conversion factor of 0.78.

2. Salaries and wages: primary iron and steel industry, 1953-1962:

Year	Salaries	Wages	Total
	$	$	$
1953	21,000,000	114,000,000	135,000,000
1954	22,000,000	91,000,000	113,000,000
1955	24,000,000	118,000,000	142,000,000
1956	28,000,000	142,000,000	170,000,000
1957	32,991,000	144,000,000	176,991,000
1958	32,739,000	120,000,000	153,739,000
1959	37,459,000	152,000,000	189,459,000
1960	40,081,000	153,812,000	193,893,000
1961	40,000,000	158,000,000	198,000,000
1962	43,000,000	171,000,000	214,000,000

Note: 1. 1953-1956 and 1961-1962 adjusted for historical continuity.

2. The primary iron and steel industry includes establishments engaged chiefly in the manufacture of pig iron, ferro-alloys, steel ingots and castings and rolled steel products. The larger mills operate on an integrated basis; that is, operate divisions which process iron ore and scrap through various stages to a finished rolled steel product. These mills file a single consolidated report and, therefore, it is not possible to develop salary and wage data relating specifically to the production of steel.

3. Exports of iron in the calendar years 1953 to 1962 were as follows:

Year	Tons	Value
1953	345,415	$16,984,257
1954	202,603	10,021,672
1955	254,472	13,272,635
1956	257,627	14,117,044
1957	577,600	33,078,351
1958	336,591	18,260,280
1959	468,335	25,221,166
1960	483,205	24,183,308
1961	602,175	29,482,344
1962	463,921	25,589,662

Footnote: Includes pig iron in all years, sponge iron and other primary iron from 1960.

[Mr. Matheson.]

MONETARY FUND LOAN TO CANADA

Question No. 1,072—**Mr. Thompson:**

1. Has the loan received by Canada from the international monetary fund, following the financial crisis of June 1962, been repaid?
2. Was any interest charged on this loan and, if so, what rate of interest, and how much has been paid to date?
3. What conditions were attached by the I.M.F. to making this loan?

Answer: 1. No.

2. Charges for foreign currency drawings from the I.M.F. are in two parts: (1) a fixed service charge one half of 1 per cent on the total amount of foreign currency purchased from the fund, payable at the time of the drawing. This service charge, paid at the time of Canada's drawing, amounted to U.S. $1.5 million; (2) a charge payable quarterly after the first quarter following a drawing, on the fund's holdings at the time of a member's currency in excess of the member's quota. The rate depends on how long the drawing remains unpaid. Charges at the rate of 2 per cent per annum paid by Canada up to and including the quarter ended April 30, 1963, have amounted to U.S. $1,639,000.

3. The government's emergency program, as announced on June 24, 1962, was communicated to the fund authorities. The fund accepted that the government was making "reasonable efforts to solve its problems".

UNEMPLOYMENT INSURANCE FUND

Question No. 1,076—**Mr. Howe (Hamilton South):**

1. What is the present financial state of the unemployment insurance fund?
2. What are its future prospects?

Mr. MacEachen: 1. The balance in the unemployment insurance fund as of 30 June, 1963, was minus $24,777,135.85.

2. The answer I gave in reply to a similar question appearing in *Hansard* of 3 July, 1963, was that the fund at 31 May, 1963 stood at minus $37,181,721.58.

I have been informed that during June 1963, $12,000,000 of the loan was reimbursed and as of 26 July inclusive, another $18,000,000 has been reimbursed.

It is expected that the whole loan will have been completely repaid by 9 August, 1963.

NEGROES IN PUBLIC SERVICE

Question No. 1,077—**Mr. Mather:**

1. How many Canadian negroes are presently employed within the federal civil service in each province in Canada?
2. How many Canadian negroes whose applications have reached the stage of interviewing for employment have been hired?
3. How many have not been hired, and for what reasons?
4. How many are employed in the following categories (a) professional (b) clerical (c) skilled labour (d) semi-skilled labour and (e) manual labour?
5. What are the ages and salaries of the employees in each of the categories of part 4 above?

Answer: I have been given the following answer by the civil service commission:

1, 2, 3, 4 and 5: Without a lengthy and expensive search, none of the five questions referred to above can be answered with any accuracy because the civil service commission, under the provisions of the Civil Service Act, cannot and does not take into account whether a candidate is white, yellow, brown or black but simply whether he or she is competent and meets the other requirements set forth in the act.

*CHARITABLE DONATION RECEIPTS, QUEBEC

Question No. 1,080—**Mr. Marcoux:**

1. Has a special order been given to the officers of the Quebec regional office of the Department of National Revenue to question the validity of the vouchers for charitable donations annexed to the income tax returns and if not, under what authority is their validity being questioned?
2. Does the Minister of National Revenue intend to put a stop to this practice?

Mr. Garland: The answer to the first part of the question is no. However, I should explain that officers of all district offices in Canada of the Department of National Revenue in the course of their duties are required to assure themselves of the validity of charitable donation receipts attached to income tax returns.

The answer to the second part of the question is no.

M.M.R.A. ASSISTANCE ON CAUSEWAY, MONCTON, N.B.

Question No. 1,091—**Mr. Coates:**

Has a request been received from the government of the province of New Brunswick for assistance from the staff of the M.M.R.A. in determining the best possible site for the construction of a causeway or a bridge to cross the Petitcodiac river at or near Moncton and, if so, who will pay for the services rendered by the M.M.R.A.?

Mr. Hays: The government of New Brunswick requested the government of Canada on January 20, 1960, for assistance through the staff of the maritime marshland rehabilitation administration in making a feasibility survey of a proposal to build a causeway across the Petitcodiac river near the city of Moncton.

The request was granted and a report of the survey was submitted to the province on April 7, 1961, describing three possible locations for a causeway. No charges were made for the services of the M.M.R.A. engineers. Discussions between the engineers of both governments have taken place from time to time since the survey was made.

REPORT ON SOIL TEST, PORT ELGIN, ONT.

Question No. 1,092—**Mr. Loney:**

What was the nature of the report made to the Department of Public Works by Mr. D. R. Prior concerning the soil test of the harbour and immediate area at Port Elgin, Ontario?

Mr. Badanai: Mr. Prior is an employee of the Department of Public Works. He is carrying out test borings in the harbour and keeping a record of them. The resulting core samples will have to be analysed at laboratories in Ottawa before a meaningful report can be prepared and this has not been done as yet.

GOLD MINING ASSISTANCE, SPRINGFIELD CONSTITUENCY

Question No. 1,093—**Mr. Slogan:**

1. What amount has been paid to mines in the constituency of Springfield under the Gold Mining Assistance Act in each year since the inception of the act?
2. Was the federal government approached in any way to assist the San Antonio Gold Mines, Bissett, Manitoba, in order to prevent their closing and, if so, what was the response?

Mr. Benidickson: 1. Four gold mines in the constituency of Springfield, Manitoba, have received assistance under the Emergency Gold Mining Assistance Act since 1948. Two of the mines, San Antonio Gold Mines Ltd. and its subsidiary, Forty-Four Mines Ltd., are still operating although these two are now considered to be one mine.

The total amount of assistance paid to all gold producers in the Springfield electoral district in each year since 1948 is as follows:

Questions

Year	Assistance
1948	$ 159,681.11
1949	274,471.89
1950	78,042.69
1951	67,704.33
1952	Nil
1953	Nil
1954	123,632.04
1955	110,675.55
1956	196,198.32
1957	187,462.86
1958	229,988.59
1959	217,105.93
1960	208,027.45
1961	250,231.75
1962	238,360.79*
	$2,342,583.30

*Not final audited figure.

2. There has been no request made by officials of San Antonio Gold Mines Ltd. to my department for extra assistance of any kind.

However, discussions have been held with San Antonio officials in connection with various aspects of their gold mining operations at Bissett, Manitoba, with respect to the Emergency Gold Mining Assistance Act and regulations. Assurance was given that every effort permissible under this legislation, would be made in order to help keep the gold mine operating and thus maintain the chief support of the community at Bissett.

TRADE AND COMMERCE EMPLOYEES PAID BY ADVERTISING AGENCIES

Question No. 1,106—**Mr. Orlikow:**

Are there persons on staff in the Department of Trade and Commerce who do not receive their salary from the government of Canada but rather from advertising agencies with offices in Toronto and, if so, (a) how many persons are in this position (b) what are the reasons for this situation (c) have commitments been made to these persons that when permanent positions open up they will be able to apply for these positions (d) will older members of the department be allowed to compete for these positions (e) how are the advertising agencies which have supplied these employees being recompensed for the salaries paid to these employees?

Answer: 1. Ronalds-Reynolds and Company of Toronto and Montreal, one of the advertising agencies which services the Department of Trade and Commerce is currently engaged in the preparation of export trade promotional material on behalf of the department. Because most of this material is for use in direct mail campaigns abroad in advance of trade fairs in which Canada is participating the materials must be produced on very short deadlines. This work must be carried out in close liaison with and under direction of officers of the department. Employees of the advertising agency are at present in Ottawa for these reasons.

(a) Members of the staff of Ronalds-Reynolds and Company at present servicing the department's account in Ottawa number nine. This number is flexible and depends entirely upon the number of departmental projects being serviced at any given point in time.

(b) It is customary for advertising agencies to service their accounts in this manner.

(c) No.

(d) All vacant positions are filled in the manner prescribed by the Civil Service Act.

(e) The advertising agency bills the department on the basis of service rendered in respect of each project on which it is engaged.

COAL SUPPLY, CAMP SUSSEX, N.B.

Question No. 1,112—**Mr. Fairweather:**

1. What company was awarded the contract for supplying 700 tons of coal to Camp Sussex, New Brunswick, per call for tenders G.Q. 20-307600-4 closing date April 22, 1963?

2. What are the names and amounts of other tenders received in response to this call for tenders?

Mr. Drury: 1. Weaver Coal Company, 1155 Dorchester st., w., room 511, Montreal, P.Q. (Awarded on recommendation of the interdepartmental fuels committee, based upon lowest price per B.T.U.

2. Firm	Total Price
Newcastle Coal Company, Minto, N.B.	$ 8,925
Dunsinane Coal Ltd., P.O. Box 70, Sussex, N.B.	9,800

BUTTER OIL

Question No. 1,113—**Mr. Doucett:**

1. How much butter oil was sold or disposed of from January 1, 1962 to December 31, 1962?

2. How much butter oil was sold or disposed of from January 1, 1963 to July 1, 1963?

3. In what manner was the butter oil disposed of, and to whom?

4. What amounts were sold, and what prices were received?

Mr. Hays: 1. 352,321 pounds of butter oil were sold from January 1, 1962 to December 31, 1962.

2. 635,841 pounds were sold from January 1, 1963 to July 1, 1963.

3. The butter oil was packed in poly lined wooden boxes containing 54 pounds net weight and was sold on open offer by the agricultural stabilization board in carload lots, in a frozen condition. It was sold to:

Central Creameries, Charlottetown, P.E.I.; Granby Co-operative, Granby, P.Q.; Dominion Dry Milk Limited, Montreal, P.Q.; Kraft Foods Limited, Montreal, P.Q.; Palm Dairies Limited, Edmonton, Alberta; Canada Packers

Limited, Toronto, Ontario; Fraser Valley Milk Producers Association, Vancouver, B.C.; Shefford Dairy Limited, Lawrenceville, P.Q.

4. From January 1, 1962 to April 30, 1962, 69,314 pounds were sold on the basis of 78.5 cents per pound in store Ontario and Quebec.

From May 1, 1962 to July 1, 1963, 918,848 pounds were sold on the basis of 65 cents per pound, delivered Ontario, Quebec, maritimes, and British Columbia points; 64 cents basis Manitoba points; 63½ cents basis Saskatchewan points.

(Translation):

MACDONALD-CARTIER BRIDGE, OTTAWA—TRUCK RENTALS

Question No. 1,114—**Mr. Martineau:**

1. Are trucks being engaged by the national capital commision or by the federal contractor, for work on the Macdonald-Cartier bridge and, if so, to date how many such trucks have been engaged on this project?

2. What is the rate of pay or rental at which such trucks are engaged?

Mr. Badanai: 1 and 2. I understand that the federal contractor Dufresne Engineering Limited, of Montreal, engages trucks, but under the contract entered into with the Department of Public Works, the contractor is not required to produce such information. Consequently that information is not available to the department.

(Text):

RAMA, SASK. POSTMASTER

Question No. 1,117—**Mr. Korchinski:**

1. Are applications still being accepted for the position of postmaster at Rama, Saskatchewan?

2. Until what date will applications be accepted?

3. How was the position advertised?

4. Was the Canadian Legion notified that there was a vacancy at this point and if so, what date was suggested as final for the receipt of applications?

Mr. Denis: 1. Yes.

2. No date limit.

3. Not advertised.

4. Yes—21 April, 1963.

*TAX ON CANADIAN INVESTMENTS IN FOREIGN SECURITIES

Question No. 1,124—**Mr. Mather:**

Will the government consider a tax on Canadian investments in foreign securities similar to the proposed 15 per cent U.S. tax on American investments in foreign securities?

Mr. Gordon: The imposition of any kind of tax is a matter of government policy. If the government were to consider such a tax it would be made known to the house at an appropriate time.

CHARLOTTETOWN, P.E.I., RETAINING WALL

Question No. 1,125—**Mr. Macquarrie:**

Has the government received a request from the corporation of the city of Charlottetown for assistance in repairing the retaining wall on that portion of Victoria park facing Charlottetown harbour and, if so, what degree of assistance does the government plan to offer?

Mr. Badanai: Yes, the Department of Public Works received requests in April 1962 and January 1963. No action was taken because the matter is not regarded as a federal responsibility. The city was advised however, that the project might be considered under the winter works incentive program, which is administered by the Department of Labour.

(Translation):

DIPLOMATIC RELATIONS WITH CUBA

Question No. 1,127—**Mr. Latulippe:**

1. What is the nature of Canada's present diplomatic relations with Cuba, and how many officials and diplomatic personnel does Canada maintain in Cuba?

2. Has Cuba expropriated or nationalized Canadian investments or property since the overthrow of the Batista regime and if so, (a) what were the properties and the amounts involved (b) what compensation was paid for these properties (c) did the Canadian government make representations to Cuba in this respect (d) what was the result of these representations?

3. Did the Canadian government make representations in connection with the expropriation by Cuba of the American embassy in that country, and what were these representations?

Mr. Martin (Essex East): 1. Canada maintains diplomatic relations with Cuba. We have four diplomatic representatives in Cuba: an ambassador, a first secretary and consul, a second secretary and a third secretary and vice-consul.

2. The Cuban government has expropriated or nationalized Canadian investments and properties. (a) There is no complete list available of all Canadian investments and properties which have been expropriated in Cuba, and their value. The Canadian government has recorded all Canadian claims drawn to its attention, but feels that it would not be proper to publish those claims without the permission of the parties concerned. (b) The amount of the claims paid to the claimants, as the case may be, is not known, since any compensation would have been paid directly to those concerned. (c) The Canadian government made representations concerning some of those claims. (d) The negotiations with the Cuban government in that regard are not concluded.

3. No. American interests in Cuba lie with Switzerland.

Questions

(Text):

CIVIL DEFENCE SIRENS, FLIN FLON, MAN.

Question No. 1,128—**Mr. Simpson:**

1. How many bids were received for the installation of sirens in the town of Flin Flon, Manitoba, in relation to civil defence?
2. What companies or individuals submitted bids?
3. What were the amounts of these bids?
4. Who was awarded this contract?

Mr. Drury: 1. Two.

2. Electric Shop (Flin Flon) Ltd., Flin Flon, Manitoba; Flin Flon Century Electric Ltd., Flin Flon, Manitoba.

3. Electric Shop (Flin Flon) Ltd., $5,411.; Flin Flon Century Electric Ltd., $4,381.

4. Flin Flon Century Electric Ltd.

SALE OF BUTTER TO U.K

Question No. 1,132—**Mr. Mather:**

1. What is the present volume of surplus butter and oil in government storage?
2. Has the government any information concerning a temporary butter shortage in the United Kingdom?
3. Is the government making efforts to dispose of surplus butter to the United Kingdom?

Mr. Hays: 1. Government stocks of butter and butter oil as at July 1, 1963, were:

Butter, 104.5 million pounds.

Butter oil, 81.3 million pounds.

2 and 3. The entire question of the butter supply situation in the United Kingdom and the possibility of selling butter or butter oil on that market is under investigation.

SUMMER COURSES, GROSSE ISLE, QUE.

Question No. 1,137—**Mr. Berger:**

Does the Department of National Health and Welfare sponsor summer courses at Grosse Isle, Montmagny county, Quebec, and, if so (a) by whom are these courses organized, and of what do they consist (b) who is permitted to follow these courses, and how many persons follow them (c) what personnel is required for the purpose of conducting the courses, and what is the annual cost of the said operation?

Miss LaMarsh: No summer courses are sponsored by the Department of National Health and Welfare at Grosse Isle.

*CANADIAN ATTENDANCE AT INTERNATIONAL MEETINGS IN LATIN AMERICA

Question No. 1,138—**Mr. Whelan:**

Since April 8, 1963, what major international meetings, if any, has Canada attended in Latin America?

Mr. Stewart: Since April 8, 1963, Canada has attended the following major international meetings in Latin America: the inter-American conference of ministers of labour on the alliance for progress at Bogota, Colombia, May 5 to 11, as observers; the tenth session of the economic commission for Latin America at Mar del Plata, Argentina, May 6 to 17; the special meeting of assembly and the seventh meeting of the directing council of the pan-American institute of geography and history at Mexico City, July 22 to August 2.

In addition, Canada attended a meeting largely concerned with Latin America in Washington, D.C., the ninth pan-American highway congress, May 6 to 18.

QUESTIONS PASSED AS ORDERS FOR RETURNS

INDIAN AFFAIRS PAYMENTS TO RELIGIOUS ORGANIZATIONS

Question No. 454—**Mr. Fisher:**

1. What grants or sums were paid by the Indian affairs branch in 1960, 1961, and 1962 to churches or religious organizations for school and domicile of Indian charges of the branch?
2. To what churches and orders, by province, by reserve or by location, did these grants or sums go?

Return tabled.

CANADIAN PARTICIPATION IN MILITARY OPERATIONS

Question No. 1,111—**Mr. Matheson:**

1. In what military operations have Canadian forces participated since the signing of the Korean cease fire agreement on July 27, 1953?
2. Why did Canada participate in each of these operations, and what was the nature, and the extent of her contribution?

MOTIONS FOR PAPERS

ACCEPTANCE OF CHANGE IN NORTH PACIFIC FISHERIES TREATY

Motion No. 62—**Mr. Barnett:**

That an humble address be presented to His Excellency for a copy of the cabinet minute or other official document which authorized the Secretary of State for External Affairs to notify the executive director, the international north Pacific fisheries commission, by telegram under date of May 10, 1963, that the commission's recommendations for the removal of the halibut stocks in the eastern Bering sea and the herring stocks west of the Queen Charlotte islands from the annex to the convention had been accepted by the government of Canada.

He said: Mr. Speaker, at the suggestion of the minister I am prepared to ask that this motion stand.

Motion stands.

CORRESPONDENCE RESPECTING U.S. EXCISE TAX

Motion No. 68—**Mr. Martineau:**

That an humble address be presented to His Excellency praying that he will cause to be laid before this house copies of all correspondence, telegrams, letters and other documents exchanged between the governments of Canada and the United States, or between officials of the said governments, relating to the new excise tax on the purchase by United States residents of Canadian securities and those of 21 other countries proposed by President Kennedy on July 18, 1963.

Mr. Martin (Essex East): Mr. Speaker, it is not the practice to produce documents exchanged with a foreign government except with the agreement of that government. However, without departing from this rule, I am able to inform my hon. friend and the house that in fact, apart from the joint statement which was tabled and published in *Hansard* on July 22, no correspondence, telegrams, letters or other documents were exchanged between the governments of Canada and the United States, or between officials of the said governments, relating to the United States excise tax on the purchase by United States residents of Canadian securities and those of 21 other countries, proposed by President Kennedy on July 18, 1963.

Mr. Speaker: Is the motion withdrawn?

Mr. Martineau: In view of the minister's remarks, and seeing there was no written consultation, I agree to withdraw my motion.

Order discharged and motion withdrawn.

RESIGNATION OF ASSISTANT DEPUTY MINISTER OF AGRICULTURE

Motion No. 74—**Mr. Hamilton:**

That an order of the house do issue for a copy of the letter of resignation of Dr. D. K. Kristjanson, associate deputy minister of agriculture to the Department of Agriculture.

Mr. Hays: Mr. Speaker, there has been no formal letter of resignation received from Dr. Kristjanson. The only letter received from Dr. Kristjanson relative to this subject is a confidential letter of July 22, 1963 addressed to the deputy minister of agriculture. In view of the letter having been marked "confidential" I am sure the hon. member for Qu'Appelle will agree that it would not be appropriate to table it, and I therefore suggest he will wish to withdraw his motion.

Mr. Speaker: Does the hon. member agree to withdraw his motion?

Mr. Hamilton: Mr. Speaker, since the letter was marked "confidential" I have no choice but to withdraw my motion.

Order discharged and motion withdrawn.

COMMUNIQUÉ OF CONFERENCE OF CARIBBEAN COUNTRIES

Motion No. 75—**Mr. Matheson:**

That an order of the house do issue for a copy of the communiqué issued by the conference of Caribbean countries, on the general question of economic and technical aid, which opened at Port of Spain on Monday, July 22, 1963.

He said: Mr. Speaker, I have been advised that Canada was not represented at this conference. Accordingly I would respectfully ask that this motion be withdrawn.

Order discharged and motion withdrawn.

28902-5—181

Inquiries of the Ministry

EXTERNAL AFFAIRS

INDIA—REPORTED CONCENTRATION OF COMMUNIST CHINESE FORCES ON BOUNDARIES

On the orders of the day:

Right Hon. J. G. Diefenbaker (Leader of the Opposition): Mr. Speaker, is the Secretary of State for External Affairs in a position to give the house a report regarding the concentration of communist Chinese forces on the boundaries of India?

Hon. Paul Martin (Secretary of State for External Affairs): Mr. Speaker, there is nothing I can add to what has already been given in the newspapers thus far, unless there have been further developments within recent hours. I can say to my hon. friend that this matter is being pursued, naturally, with interest and with the kind of concern that the circumstances warrant.

LAOS—REPORTED CHARGE RESPECTING CANADIAN EXTERNAL AFFAIRS MINISTER AND CONTROL COMMISSION

On the orders of the day:

Mr. A. B. Patterson (Fraser Valley): Mr. Speaker, I would like to direct a question to the Secretary of State for External Affairs. Would the minister comment on the charge by a spokesman of the Laotian patriotic front to the effect that the Canadian Secretary of State for External Affairs is trying to cover up violations of the Geneva agreement on Laos, and the demand that the Canadian representative on the international control commission respect the sovereignty of Laos and correctly implement the Geneva agreement and all agreements reached by the three parties on Laos.

Hon. Paul Martin (Secretary of State for External Affairs): Mr. Speaker, in reply I would say that so far from trying to cover up violations of the Geneva agreement on Laos, it has been the consistent policy of Canadian governments since the Geneva conferences on Laos in 1961 and 1962 to help the international control commission to perform its function of looking into complaints and reports of violations of the agreement. If there has been any violation of the agreement or opposition to the functioning of the commission it has not, of course, come from anyone speaking on behalf of Canada.

As to respect for the sovereignty of Laos, this is one of those double edged phrases by which communist parties often try to prevent international bodies from carrying out their agreed functions. The Canadian component of the commission has always acted in accordance with the Geneva agreement to which Laos is a party with the concurrence of all factions including the Pathet Lao.

Inquiries of the Ministry

(Translation):

TEST BAN AGREEMENT TO DELAY ACQUISITION OF NUCLEAR WEAPONS

On the orders of the day:

Mr. Remi Paul (Berthier-Maskinonge-Delanaudiere): Mr. Speaker, may I direct a question to the Prime Minister? Is it true that the government might try to obtain signing the three-power pact for the abolition of nuclear tests, in order to delay the signing of an agreement with Washington on the acquisition of nuclear weapons, as stated yesterday by the Minister of Justice on the C.B.C. program entitled "Aujourd'hui"?

(Text):

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, I do not think the Minister of Justice made any such statement. In any event the position of the government on this matter has been made clear in the house.

Mr. Pigeon: We will prove that.

LABOUR CONDITIONS

SASKATCHEWAN—REPORTED USE OF UNEMPLOYED TO BREAK STRIKE

On the orders of the day:

Mr. T. C. Douglas (Burnaby-Coquitlam): Mr. Speaker, may I ask the Minister of Labour whether he has received a telegram from Mr. Phillip P. Cave of the retail clerks international association protesting that the unemployment insurance commission is sending strikebreakers through the picket lines which his union has set up in a legal strike against Loblaws throughout Saskatchewan, and further protesting that the unemployment insurance commission are suggesting to the strikebreakers that failure to cross the picket lines might result in loss of benefits. If so, would the minister assure the house that such activities by the unemployment insurance commission will cease at once?

Hon. A. J. MacEachen (Minister of Labour): Mr. Speaker, I wish to thank the hon. member for notice of this question. In reply I would tell him that I have received such a telegram and I would like to explain the situation to the hon. member and to the house.

The unemployment insurance commission offices at Regina and Saskatoon received orders for workers from Loblaws. Persons registered for work at these offices were offered referral to this employment and were advised that the establishments concerned are involved in an industrial dispute. This is in accordance with practice. Certain of these workers accepted referral, but in some cases unemployment insurance benefit claimants who refused referral, as was their right, were asked for information which may have given the impression that their entitlement to unemployment insurance benefit had been jeopardized. The fact is that employment in a strikebound plant is not suitable employment and may be refused without putting benefit in jeopardy.

LABOUR RELATIONS

NORRIS COMMISSION—INQUIRY AS TO GOVERNMENT ACTION

On the orders of the day:

Hon. Michael Starr (Ontario): Mr. Speaker, I should like to address a question to the Prime Minister. In view of the possibility of adjournment for the summer within the next few days, would the Prime Minister say whether the government is going to bring at least part of the Norris commission report before parliament, or is there a possibility of implementing the whole report?

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, the hon. member for Burnaby-Coquitlam asked me a question about this yesterday. I indicated to him at that time that I hoped to be in a position to make a statement this afternoon but I regret, Mr. Speaker, that I cannot do so this afternoon because we are still considering whether the recommendations of the Norris commission report, or some of them, can be implemented in this part of the session. There is considerable difficulty over establishing, in respect of some of these recommendations, the constitutional authority of the federal government with regard to the matters which are dealt with, but I hope to be in a position, or I hope the Minister of Labour will be in a position, to make a statement on the matter tomorrow. I am sorry I cannot so do today.

Hon. Leon Balcer (Three Rivers): A supplementary question I should like to direct to the Minister of Labour. I wonder whether the minister is aware that in the last few days railway lines were blown up and workers and their wives were threatened in Marquette, Michigan, where a Canadian ship is tied up at the present time. I wonder whether the Minister of Labour could tell us whether, if there is no implementation of the Norris report, there could be some precise action taken by the Canadian government to prevent these incidents happening.

Hon. A. J. MacEachen (Minister of Labour): Mr. Speaker, I am aware of the incident in Marquette involving the Canadian ship *Red Wing*, and of the threats apparently made to wives of workmen who would be involved with this particular ship. I would tell my hon. friend that the precise action to be taken

falls under United States law. In various ports in the United States injunctive relief has been sought against this type of activity, in some cases with success and in other cases with very little success.

With regard to the situation in Chicago, I should tell the hon. member that the national labour relations board has now decided to press contempt charges against the S.I.U. and the I.L.A. as an alternative to action against individual union members who have refused to unload the *Howard L. Shaw*. This most recent incident in Marquette has been drawn to the attention of the Department of External Affairs for possible representations to the United States authorities.

Right Hon. J. G. Diefenbaker (Leader of the Opposition): Mr. Speaker, would the Minister of Labour say whether there has been any communication received from Hal Banks, other than the tirade from the S.I.U. in recent days, in connection with the Norris report, or anything arising out of the actions on the great lakes?

Mr. MacEachen: The only communication I received was a telegram from Mr. Banks, which I think was received by other members of the government, complaining about the conduct of the Norris inquiry and making allegations that the inquiry was unfair. That is the only communication.

Mr. A. D. Hales (Wellington South): Mr. Speaker, a supplementary question. Could the Minister of Labour inform the house whether he has been successful in arranging a meeting with the U.S. secretary of labour, Mr. Wirtz, concerning this very serious problem?

Mr. MacEachen: It has been difficult, in view of the preoccupations of Mr. Wirtz in the United States, to arrange a mutually convenient time. I had hoped to meet him in Ottawa, but Mr. Wirtz is unable to leave his own preoccupations at this time. At the same time I also felt that the timing of the meeting might be so adjusted as to take into account any firm decisions made by the Canadian government about the Norris commission recommendations.

Mr. Gilles Gregoire (Lapointe): A supplementary question, Mr. Speaker. Did the Minister of Labour reply to the telegram from Hal Banks, and can we know the nature of the reply if there was one?

Mr. MacEachen: Mr. Speaker, I have not replied as yet; I was working on a reply this morning.

Hon. Michael Starr (Ontario): Mr. Speaker, a supplementary question which I direct to the minister for external affairs. This is the first question I have directed to him, so I hope he is able to reply in, at most, two short sentences. Would the minister of external affairs, with his great capacity for bringing about agreements and action, contemplate going to Washington and taking up with the government of the United States, the whole question of Canadian ships being harassed in United States ports, and ask them to take some definite action?

Hon. Paul Martin (Secretary of State for External Affairs): Mr. Speaker, in answer to the long and complicated question of my hon. friend I would simply say that my colleague the Minister of Labour and I are giving these matters our joint attention.

Mr. D. M. Fisher (Port Arthur): Mr. Speaker, I should like to ask the Minister of Labour a question along the same lines. I notice that he had some discussions today with the two independent legal counsel he has hired to deal with the Norris report, and I should like to ask him whether he asked these gentlemen also to advise him on the possibility of taking criminal action against Canada Steamship Lines or any of the other companies which the Norris report suggested may have been in collusion with Mr. Banks.

Mr. MacEachen: Mr. Speaker, the decision to appoint special counsel was taken pursuant to a recommendation of Mr. Justice Norris with respect to the activities of the S.I.U. and its officers. In my informal discussions today with these gentlemen I did not go beyond that particular part of the recommendations made by Justice Norris.

Mr. Balcer: May I ask a further supplementary question. I wonder whether the minister could tell us if he is making any progress toward the implementation of the recommendation of the Norris report to the effect that the labour unions should be placed under government trusteeship.

Mr. MacEachen: Mr. Speaker, the principal recommendation of the Norris report is the establishment of a trusteeship over the unions in the maritime transportation field. I may tell my hon. friend, in view of his question posed several days ago, that I have now received from all the unions affected, except the S.I.U., their support for the implementation of this particular recommendation of the Norris report.

B.C. FISHERMEN'S STRIKE—INQUIRY AS TO ARBITRATOR

On the orders of the day:

Mr. Barry Mather (New Westminster): Mr. Speaker, I have a question I wanted to direct to the Minister of Fisheries but in his absence

perhaps the parliamentary secretary can take it as notice. The question is with reference to the announcement made yesterday by the Minister of Fisheries respecting his recommendation of the establishment of a joint provincial-federal arbitrator in the British Columbia fishing dispute. Can the minister say whether the arbitration will proceed under provincial or federal arbitration legislation, also what will be the powers and terms of reference of the arbitrator?

Hon. J. W. Pickersgill (Secretary of State): Mr. Speaker, I will bring the question to the attention of the minister.

OLD AGE SECURITY

INQUIRY AS TO EFFECTIVE DATE OF INCREASED PENSION

On the orders of the day:

Mr. H. A. Olson (Medicine Hat): Mr. Speaker, I should like to address a question to the Prime Minister arising out of a statement or a reply which he gave to the house yesterday with regard to the pension plan. I did not notice any reference to any specific date in the Prime Minister's reply, yet this morning's press states that the government hopes to achieve this plan by January 1. I should like to ask him whether any additional information has been given outside the house with regard to this pension plan and, if so, whether the house could have the benefit of this information now.

Right Hon. L. B. Pearson (Prime Minister): No, Mr. Speaker, I gave no such information and mentioned no such date either in the house or outside it.

Mr. Stanley Knowles (Winnipeg North Centre): In view of the date which has been suggested by the Canadian Press, can the Prime Minister confirm that it is the intention of the government that the $10 increase shall come into effect by that date, or is the government still considering making an announcement later this week as to what the effective date may be?

Mr. Pearson: No, Mr. Speaker. I cannot confirm or deny it because I have made no such statement.

[*Later:*]

Mr. E. Nasserden (Rosthern): I have a supplementary question to put to the Prime Minister in relation to the question asked a little while ago on the subject of pensions. Did the government consider making the increase retroactive to April 8?

Mr. Pearson: No, Mr. Speaker.

[Mr. Mather.]

PENSIONS

INQUIRY AS TO ESTIMATED COST OF PLAN

On the orders of the day:

Mr. P. B. Rynard (Simcoe East): Mr. Speaker, I should like to ask the Minister of National Health and Welfare a question. I wonder whether the hon. lady is in a position to give us a report on whether the qualified actuaries of the Department of National Health and Welfare who have studied the proposed federal contributory pension plan have confirmed the opinion of outside actuaries, as reported in the press, that the real cost of this plan is going to be between 9 per cent and 11 per cent?

Hon. Judy V. LaMarsh (Minister of National Health and Welfare): Mr. Speaker, rather than the treasury departments' actuaries having studied the plan, as my friend suggests, they in fact helped to prepare the plan. The suggestion which has been made that the real cost will be 15 per cent is and always has been completely erroneous. As has been explained to all those who will listen, the figures which were given at the time of the submission are correct so far as actuaries are able to be precise bearing in mind that we are projecting into the future.

The maximum amount to the year 2000 which has been contemplated at any time is 5 per cent and not 15 per cent. It will be noted from releases made to the press by those who have suggested that 15 per cent will be the figure eventually, that they count together the 3 per cent personal income tax, 3 per cent corporation tax and 3 per cent sales tax which support the old age security fund, and add them as though they were a percentage of payroll and part of the contributory pension scheme itself when in fact they are on a completely different tax base. This is patently not correct, and anyone who knows his job as an actuary should know this.

Mr. Rynard: I have a supplementary question. What was the actual cost that the actuaries of the Department of National Health and Welfare brought down?

Miss LaMarsh: As was set out in the white paper, which I must assume my friend has read, and if he has, he has forgotten, the figure was 2 per cent.

POWER

COLUMBIA RIVER—VISIT TO B.C. BY EXTERNAL AFFAIRS MINISTER

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. In view of press items to the effect that the minister will participate in the annual Kelowna regatta next Saturday—and I presume he will be the guest of the premier of the province of British Columbia—and that he then intends to tour the Columbia river basin in Canada and the United States on Monday; and in view of the minister's known affection for aquatic sports, would the hon. gentleman accept an invitation from the Arrow lakes water resources committee to a swimming gala on Sunday, August 4, which will provide an opportunity for a cool and objective discussion of the Columbia river treaty?

Hon. Paul Martin (Secretary of State for External Affairs): I should like to thank the hon. gentleman for having given me notice of his intention to ask this important question. I will have to give consideration to the invitation which the hon. member now sends across the floor, and I am sure that if it can be accepted I will get along with his constituents swimmingly.

Mr. Herridge: Would the minister let me know by not later than tomorrow evening so that I could have all the arrangements made?

Mr. Martin (Essex East): I shall be glad to give consideration to this amended request of the hon. gentleman.

TRADE

O.E.C.D.—INVITATION TO JAPAN TO ACCEDE TO CONVENTION

On the orders of the day:

Hon. Paul Martin (Secretary of State for External Affairs): The Leader of the Opposition asked yesterday whether it is the intention of the government to bring the question of Japan's membership in the O.E.C.D. before parliament for ratification, and I promised to reply today.

Under the O.E.C.D. convention, which this house has already approved, the O.E.C.D. council may decide to invite any government which is prepared to assume the obligations of membership to accede to the convention. The council of O.E.C.D. has now unanimously decided to invite the Japanese government to accede to it. Accession shall take effect upon the Japanese government's deposit of an instrument of accession with the depositary government.

I should like to take this opportunity to welcome Japan's forthcoming membership in the O.E.C.D. as a further evidence of increasing co-operation between Japan and the countries of Europe and North America.

Right Hon. J. G. Diefenbaker (Leader of the Opposition): So there is nothing necessary to be done by this parliament in order to confirm Japan's adherence. May I, having asked that question and received the negative reply I did, join with the Secretary of State for External Affairs in welcoming Japan to membership of this organization. When I was in Japan a year and a half ago this was one matter which particularly exercised people there, and I am glad Japan is to become a member of this great organization.

WEST INDIES—STEPS TO PROMOTE TRADE

On the orders of the day:

Mr. Lloyd R. Crouse (Queens-Lunenburg): I wish to address a question to the Prime Minister. As we are nearing the end of this part of the session, would the right hon. gentleman tell the house whether any special studies are contemplated or are being carried out in an effort to improve trade between Canada and the British West Indies, in keeping with his statement on this matter prior to the April 8 election? I ask this question because of the importance of improving trade between Nova Scotia, and the Atlantic provinces generally, and the British West Indies.

Right Hon. L. B. Pearson (Prime Minister): I appreciate the importance of this question, especially to the inhabitants of the Atlantic provinces. Attention is being given to it, and studies are under way as to what we could do to improve trade with the West Indies and what additional assistance we might be able to give which would help increase trade between the two areas.

CANADA-U.S.—STATEMENT BY AGRICULTURE MINISTER

On the orders of the day:

Hon. Marcel Lambert (Edmonton West): I should like to direct a question to the Prime Minister. I wonder if he is in a position to clarify the situation with regard to a question I asked him on Monday afternoon in relation to a speech made by his colleague the Minister of Agriculture at Waterton Lake on the subject of American-Canadian trade relations.

Right Hon. L. B. Pearson (Prime Minister): No, Mr. Speaker, I am very sorry. I have not had a chance to talk to my colleague the Minister of Agriculture, but I hope to do so before the recess.

WHEAT—INQUIRY AS TO NEGOTIATIONS WITH RED CHINA

On the orders of the day:

Mr. T. C. Douglas (Burnaby-Coquitlam): May I direct a question to the Minister of

Trade and Commerce. Is the minister now in a position to report on the negotiations between the Canadian wheat board and the government of mainland China? If not, when does he expect to be able to make a report?

Hon. Mitchell Sharp (Minister of Trade and Commerce): These negotiations are now in their final stages. I had hoped I would have been in a position by today to make an announcement, but our Chinese customers are very astute and hard bargainers and the negotiations are not completed.

Mr. H. A. Olson (Medicine Hat): In view of the fact that negotiations with mainland China are almost completed, I should like to ask the Minister of Trade and Commerce if the government should not be making arrangements to send the Minister of Agriculture to Hong Kong?

CANADIAN BROADCASTING CORPORATION

REPLY TO INQUIRIES RESPECTING EXTENSION OF SERVICES

On the orders of the day:

Hon. J. W. Pickersgill (Secretary of State): Yesterday, the hon. member for Rosthern asked me whether consideration was being given to establishing a French language television station in the province of Saskatchewan. I am afraid I cannot add anything to the answer which was given to his alert colleague, the hon. member for Joliette-L'Assomption-Montcalm, who anticipated this question on June 28 and represented the hon. gentleman's constituents at that time.

I was also asked a question about facilities in southwestern Saskatchewan by the hon. member for Swift Current-Maple Creek. I understand that as far as the C.B.C. is concerned nothing is contemplated in the immediate future. However, I think the hon. member is really interested in a difficulty between certain of the stations before the board of broadcast governors, and I would have to inquire further into that.

As far as the question asked by the hon. member for Okanagan Boundary is concerned, I regret to say that at the present time, because of budgetary limitations and the high cost of providing service, it does not appear there is any immediate hope of action though the situation is being studied.

INQUIRIES OF THE MINISTRY

On the orders of the day:

Mr. L. J. Pigeon (Joliette-L'Assomption-Montcalm): I should like to address a very important question to the Minister of Transport. Would the minister be willing to have the words "Air Canada" painted on crown owned aircraft if a few members of parliament bought the paint for the department? The minister can answer yes or no.

On a question of privilege, this question needs to be answered by a simple yes or no, not a statement.

Hon. G. J. McIlraith (Minister of Transport): I do not think I should be put in the position of commenting on the artistic ability of members of parliament.

Mr. Raymond Langlois (Megantic): I should like to direct a question to the Minister of Finance. In view of the answer given to the hon. member for Digby-Annapolis-Kings yesterday on the question of the arrangements being made for the minister to attend a conference to be held in Washington on Friday, may I ask the minister how many students he proposes to invite along with him at this time to help him out?

(Translation):

PENITENTIARIES

ST. VINCENT DE PAUL—STEPS TO ENSURE SAFETY OF GUARDS

On the orders of the day:

Mr. Raymond Langlois (Megantic): Mr. Speaker, I should like to direct a question to the Minister of Justice further to the one which I asked him yesterday concerning a delegation of the wives of the guards at St. Vincent de Paul penitentiary. Does the minister have any further information to give us on that subject?

Hon. Lionel Chevrier (Minister of Justice): Mr. Speaker, the member for Laval (Mr. Rochon) accompanied the delegation which I received in my office yesterday. I conferred with the delegates for half an hour and replied that their request would be considered in due time.

(Text):

ECONOMIC COUNCIL

INQUIRY AS TO APPOINTMENT OF CHAIRMAN

On the orders of the day:

Mr. R. N. Thompson (Red Deer): Mr. Speaker, I wish to direct a question to the President of the Privy Council. Would the hon. gentleman be able to confirm that press reports relating to the expected appointment of Dr. John Deutsch as chairman of the economic council of Canada are factual?

Hon. Maurice Lamontagne (President of the Privy Council): Mr. Speaker, I have not seen that report.

PUBLIC SERVICE

REQUEST FOR REVIEW OF WAGE SCALE FOR "B" GROUP

On the orders of the day:

Mr. William Dean Howe (Hamilton South): Mr. Speaker, I have a question for the Minister of Finance. On the basis of pay research bureau figures, is the government considering an immediate review of the wage scale for B group, grades 1 and 2 clerks, typists and clerical assistants in the civil service?

Hon. Walter L. Gordon (Minister of Finance): Mr. Speaker, the hon. gentleman was kind enough to give me notice of his question. In reply I may say that clerks 1 and 2 and other classes at comparable levels were not revised on October 1, 1961 because in the opinion of the government of the day the rates of pay compared favourably with those on the outside. These classes are to be reviewed again on October 1 next as part of the normal review of the B group.

AGRICULTURE

FEED GRAIN ASSISTANCE FOR EASTERN FARMERS

On the orders of the day:

Mr. Robert C. Coates (Cumberland): Mr. Speaker, I have a question for the Minister of Agriculture. Can we expect an announcement of government policy related to permanent feed grain assistance for eastern farmers before the recess?

Hon. Harry W. Hays (Minister of Agriculture): Mr. Speaker, we are working on this particular matter at the moment. I am hoping we may have something. Certainly we will have something before the grain starts to move.

IMPLEMENTATION OF FARM CREDIT ACT IN EASTERN CANADA

On the orders of the day:

Hon. Harry W. Hays (Minister of Agriculture): Mr. Speaker, yesterday the hon. member for Lapointe asked me the following question:

> Can the minister inquire and report to this house why there are so many delays and refusals in the implementation of the Farm Credit Act in eastern Canada, and especially in the districts of Lake St. John, Saguenay and in my constituency of Lapointe?

I am informed by the Farm Credit Corporation that the percentage of loan refusals in eastern Canada is not significantly different from that in the rest of Canada, and that in Quebec in particular the percentage of refusals has been less than the national average.

There has been some delay, however, in the processing of applications in Quebec due to the unprecedented increase in the number of applications received. In 1961 by the end of June the corporation had received only 40 applications for loans. In 1962 by June 30, 291 applications had been received. By the same date this year 929 farmers had applied for loans, or about 23 times as many applications as were received two years earlier.

Since the spring of 1962 the corporation has increased its field staff in Quebec from 4 to 26 men. It takes time to recruit and train the men to do this kind of work, but the situation is well in hand and the work will be up to date by the end of the current appraisal season. Because of the large volume of applications received in the constituencies to which the hon. member for Lapointe referred, the corporation has assigned 4 men to bring the work up to date in this area.

Applications received expressed as a percentage of farmers interviewed are 50 per cent for all Canada and 59 per cent in Quebec. The percentage of applications rejected or withdrawn after appraisal of farm is 8.5 per cent for all Canada and 6 per cent for Quebec.

GRAIN

BRIEF RESPECTING ELEVATOR HANDLING AND STORAGE CHARGES

On the orders of the day:

Hon. Harry W. Hays (Minister of Agriculture): Mr. Speaker, yesterday the hon. member for Moose Jaw-Lake Centre asked if I had any information concerning the brief presented in Winnipeg to the board of grain commissioners regarding grain elevator handling and storage charges for the crop year which begins on August 1.

On June 10, 1963, the hon. gentleman asked a somewhat similar question relating to a meeting to be held in Vancouver by the board of grain commissioners. On June 12, in reply, I informed the house that the board, under authority of section 15 of the Canada Grain Act, holds meetings annually at an easterly point, Winnipeg, and at Vancouver, where interested parties are invited to meet the board and present submissions respecting the maximum storage and handling rates for grain authorized by the board for each crop year.

With specific reference to the question, I can inform the house that the board of grain commissioners held a public meeting in Winnipeg yesterday commencing at 10 a.m. for the purpose I have mentioned, and heard seven briefs presented by interested parties. The board of grain commissioners met at 10 a.m. this morning in Winnipeg to study and discuss these briefs as well as those submitted to the meetings held in Montreal on May 3 and in Vancouver on July 3.

Inquiries of the Ministry

I am pleased to inform the house that this afternoon the board of grain commissioners announced a reduction in the elevator charge at country elevators on wheat, barley, rye and corn from 3 cents per bushel to 2¾ cents per bushel.

UNEMPLOYMENT INSURANCE

INQUIRY AS TO ACTION RESPECTING FUND

On the orders of the day:

Hon. Theogene Ricard (St. Hyacinthe-Bagot): Mr. Speaker, I should like to direct a question to the Minister of Labour. In view of the fact that the minister foresees a greater number of unemployed during the winter months, would the minister tell the house what measures he has taken to assure that the unemployment insurance fund will be sufficient to meet the requirements?

Mr. Pearson: The one that went bankrupt.

Hon. A. J. MacEachen (Minister of Labour): Mr. Speaker, I think I should clarify the preamble to the hon. gentleman's question by stating that in reply to a question last week I conveyed to the house information I had received from my officials with respect to employment prospects; and I think upon reading that statement, which was carefully qualified, it will be seen that my projections applied particularly to this fall.

With respect to the second part of the question, in connection with the unemployment insurance fund, action has already been taken by the government to replenish the fund, and within the next few months the fund will replenish itself because contributions to the fund will exceed benefit payments. The resolution of the long term problem of the fund will depend upon the action taken by this parliament in connection with the amendments to the Unemployment Insurance Act itself. As I have stated, the act is presently under consideration and it is hoped that the government will be in a position to recommend action on this matter.

Mr. Ricard: May I ask a supplementary question. In view of the first answer the minister gave, will he agree with me that he really foresees a greater number of unemployed than we have now?

Mr. MacEachen: The information I conveyed to the house last Friday, I believe, was information that had been conveyed to me shortly after I became Minister of Labour and had been collected and available prior to the swearing in of the present government. The indication was that unemployment would be greater this September than last September.

[Mr. Hays.]

Mr. A. D. Hales (Wellington South): Will the minister inform the house as to the methods by which the government intends to increase the unemployment insurance fund? Can he explain to the house what methods he has in mind?

Mr. MacEachen: The traditional method in the past is well known to hon. members. Action has been taken by this house itself several times to replenish the fund. Any further action, other than this, will depend upon the decision of the government as to what amendments or changes ought to be made in the operation of the fund and in the operation of the act.

Mr. L. J. Pigeon (Joliette-L'Assomption-Montcalm): I should like to address another question to the Minister of Labour. Is it the intention of the minister to consult experts on this question?

HEALTH AND WELFARE

FAMILY ALLOWANCES—REQUEST FOR INCREASED PAYMENTS

On the orders of the day:

Mr. H. Russell MacEwan (Pictou): I should like to address a question to the Prime Minister. In view of the urgency of this matter in many homes across this country, I should like to ask if it is the intention of the government to extend family allowance benefits before the school term opens in September to children up to 18 years of age who will be returning to school at that time.

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, this extension is part of our legislative program. If we had been able to accomplish more this session, it might have been done by now.

Mr. Eric A. Winkler (Grey-Bruce): I should like to offer a suggestion to the Prime Minister. If he is prepared to bring forth the family allowance extension and also the resolution introducing the Canada pension act, we will give him quick and courteous co-operation.

Mr. Pearson: If there had not been so much delay and obstruction on the other side—

Some hon. Members: Oh, oh.

Mr. Pearson: —I repeat that this might well have been done by now.

Right Hon. J. G. Diefenbaker (Leader of the Opposition): I rise on a question of privilege, Mr. Speaker. Only the day before yesterday the Secretary of State was commending the opposition for its co-operation. I suggest that the two hon. gentlemen get together.

Mr. Pickersgill: Mr. Speaker, I only wish that the co-operation we have had in the last few days had existed for the first 40 days of this session.

Mr. Diefenbaker: You were in the wilderness then. You did not know where you were going.

[*Later:*]

Hon. Leon Balcer (Three Rivers): Mr. Speaker, is it the intention of the Minister of National Health and Welfare to withdraw the payment of family allowances for little boys and little girls who smoke?

Hon. Judy V. LaMarsh (Minister of National Health and Welfare): May I answer by saying that family allowance payments are made to the mother.

Mr. Balcer: I did not want to attack the hon. lady personally because, being over 17, she is not included with the little girls who get family allowances.

[*Later:*]

Mr. Stanley Knowles (Winnipeg North Centre): May I direct a question to either the Prime Minister or the Secretary of State in his capacity as house leader. In view of the suggestions that have been made about family allowances and old age pensions, would the government accept an offer from the house to sit next week or come back earlier in September so that we could deal with these two important pieces of legislation?

Mr. Pearson: We hope to deal with these two important matters at the earliest possible date after our return.

Mr. Starr: Now we know the reason it was not brought forward.

Mr. Knowles: In view of this announcement, will consideration be given to our being brought back earlier than September 30 so that we can go ahead with these matters?

FISHERIES

BRITISH COLUMBIA—REQUEST FOR SUPPORT PRICE FOR PINK SALMON

On the orders of the day:

Mr. T. S. Barnett (Comox-Alberni): I have a question for the Secretary of State, which, in his capacity as Acting Minister of Fisheries he may wish to take as notice. In view of the fact that one of the principal factors in the fisheries situation in British Columbia involves the price being paid for pink salmon, and in view of the fact that this condition arises out of the very abnormal catch of pink salmon last year, will the minister indicate whether the government will consider directing the fisheries prices support board to take action in this connection which might facilitate the settlement of this dispute, and which might make the task of an arbitrator considerably easier if he comes into the picture?

Hon. J. W. Pickersgill (Secretary of State): Since I am not Acting Minister of Fisheries, I probably should not take this speech made by the hon. gentleman as notice. I have no doubt that if the hypothesis suggested by the hon. gentleman turns out ultimately to be a fact, the Minister of Fisheries will give consideration to the hypothetical proposition put forward.

Mr. Barnett: I suggest to the minister that he visit British Columbia, and then he might know as much about our problems as he undoubtedly knows about those of his area.

Mr. Pickersgill: My hon. friend the Solicitor General is the Acting Minister of Fisheries, and I am sure he will be glad to take notice of the hon. gentleman's question.

TRANSPORT

GRAIN—REQUEST FOR USE OF PORTS OF HALIFAX AND SAINT JOHN

On the orders of the day:

Mr. Thomas M. Bell (Saint John-Albert): I should like to direct a question to the Minister of Transport. In view of the announcement today of a large new grain elevator in Quebec and the reference to possible wheat sales, will the minister investigate the possibility of directing shipments through the ports of Halifax and Saint John, thus making use of the excellent facilities for grain in the forthcoming season? In fact, these ports have not been used to any great advantage within the last three years.

Hon. G. J. McIlraith (Minister of Transport): Yes, I would be happy to look into it.

(Translation):

TRANS-CANADA AIR LINES

INQUIRY AS TO PURCHASE OF CARAVELLE PLANES

On the orders of the day:

Mr. Georges Valade (St. Mary): Mr. Speaker, I should like to put a question to the Minister of Transport. Has he received or asked for a report from Trans-Canada Air Lines engineers concerning the purchase of Caravelle aircraft? Could he tell the house whether he is aware of the study being carried out in the last four or five months with a view to choosing between four types of aircraft? Has the minister received this report and, if so, is he in a position to inform the house on this matter?

(Text):

Mr. Speaker: May I suggest that this is a question for the order paper.

Mr. Valade: On a question of privilege—

Mr. Speaker: There is no point of privilege. I have ruled on the question after listening to it very carefully.

(Translation):

[*Later:*]

Mr. Valade: Mr. Speaker, I should like to direct a question to the Minister of Transport. Is he aware that Trans-Canada Air Lines has made a study concerning the purchase of Caravelle aircraft?

(Text):

Mr. Speaker: Order, please. This is the same question in an indirect way.

Mr. Valade: On a point of privilege, Mr. Speaker; I would like to ask Your Honour to inform me in what way my question is out of order. I heard an hon. member of the N.D.P. a little while ago ask a question concerning statistical information, which Your Honour allowed. My question is asking whether the minister has received a report from Air Canada concerning the Caravelle transaction.

Mr. Speaker: Two wrongs do not make a right. I refer the hon. gentleman to Bourinot and other authorities, under citation 113. If not there, he will find other authorities on the point.

(Translation):

DOMINION-PROVINCIAL RELATIONS

SUGGESTED CONFERENCE TO REDRAFT CONSTITUTION

On the orders of the day:

Mr. L. J. Pigeon (Joliette-L'Assomption-Montcalm): Mr. Speaker, I should like to direct a question to the Prime Minister. Could he tell the house when he intends to convene a federal-provincial conference or a meeting of the states general of the country, in order to consider the means of redrafting the constitution, as he stated himself at a press conference held after the last federal-provincial conference?

(Text):

Right Hon. L. B. Pearson (Prime Minister): Well, Mr. Speaker, I made no such announcement of course, and there will be a federal-provincial meeting in the autumn.

PARLIAMENT HILL

SHORTAGE OF PARKING SPACE DURING CHANGING OF THE GUARD

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, I am sorry to interrupt again, but on Friday last I asked the Secretary of State for External Affairs if he would ask his friends in the diplomatic corps to give up their parking space for the benefit of visitors and other persons during the changing of the guard. In reply he said the question had certain implications and he would leave it over until Monday. Has he anything further to report on this question?

Hon. Paul Martin (Secretary of State for External Affairs): Not at the moment, Mr. Speaker.

SHIPPING

ASSISTANCE FOR SHIP CAUGHT IN NORTHERN ICE

On the orders of the day:

Hon. G. J. McIlraith (Minister of Transport): Mr. Speaker, yesterday the hon. member for the Northwest Territories (Mr. Rheaume) asked me if the Department of Transport would provide the services of icebreakers to the Danish freighter the *Helga Dan*, trapped in the Resolute bay area. I have further information that I would like to add to the information I gave in answer to his question.

The agents of this ship were advised orally that they were planning to send the ship into Lancaster sound earlier than was the practice and that ice conditions might not permit passage. They were informed in writing that no icebreaker would be in that area before August 12.

I understand the *Helga Dan* encountered severe ice conditions in Lancaster sound and has since withdrawn to open water in Baffin bay to await improved conditions. The Canadian coastguard have no icebreakers within 1,000 miles of this position and they are fully occupied on their respective duties. This includes a considerable amount of escorting of commercial grain ships to and from Churchill, as ice conditions in the northern Hudson bay and Hudson strait still require this service this year.

BUSINESS OF THE HOUSE

EXTENSION OF SITTING HOURS ON AUGUST 1

On the orders of the day:

Hon. J. W. Pickersgill (Secretary of State): Mr. Speaker, before the next order of business is called, I believe there is general agreement in the house that tomorrow we might begin our sitting at two o'clock, take an hour off from six to seven o'clock and continue from seven to eleven o'clock. If I am correct in interpreting the agreement I wonder if that could be so ordered.

Hon. Gordon Churchill (Winnipeg South Centre): As of an hour and a half ago there was an inclination on our side to agree to such an extension of hours, but in view of

the remarks of the Prime Minister and the Secretary of State accusing, quite incorrectly, the opposition of obstruction—

An hon. Member: Another double cross.

Mr. Churchill: —and this additional interruption, I now serve notice on the house leader that there is no agreement to any such extension of hours for tomorrow.

Mr. Pickersgill: I had assumed, sir, I was dealing with gentlemen.

Mr. Churchill: Well, Mr. Speaker, everybody in the house recognizes the type of remark now made by this person who purports to be a gentleman. If there is to be confidential exchange of information by house leaders then it should remain that way, instead of this public accusation and the insinuation that there has been some difference of opinion, together with the interruption from the Minister of Veterans Affairs—double cross—a typical statement by that person.

Mr. Teillet: Mr. Speaker—

Mr. Churchill: I have the floor on a question of privilege. If the Prime Minister wishes the house to conduct itself in a co-operative manner, as we have shown, then I think he had better express to the house some regret for the statement he made this afternoon, and let him indicate to the house when he would like this portion of the session to be concluded and when we are coming back in September.

The opposition has been trying successfully to indicate its responsibility in the house, co-operating with the government. We have passed several measures and we have co-operated with the house leader on shortening certain debates and things of that nature. Now to be accused in this manner and have this insinuation made by the house leader, is carrying the thing a bit too far, and the time has come to make this protest, and I do so on this occasion.

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, seeing my name has been brought into this discussion perhaps I may be permitted to say a word. The government has been criticized, and indeed attacked, during the question period because we had not taken certain action in respect of children's allowances and in respect of the immediate introduction and passage of pension legislation. In reply to those charges I said—and if I said it in tones that irritated hon. gentlemen opposite I am sorry—that it was due to the fact we had been delayed that we had not been able to do all the things we wanted to do in this portion of the session. That is what I said—delay and obstruction—and if that irritated the hon. member for Winnipeg South Centre I am sorry.

I agree with the hon. gentleman who just sat down that if there were undertakings made, those undertakings should be observed, and I hope they will be carried out on all sides of the house.

Hon. Roger Teillet (Minister of Veterans Affairs): On a point of privilege, Mr. Speaker, the hon. member for Winnipeg South Centre has accused me of using the word "double cross" to him. I made no such statement, and I would ask him to pay closer attention.

Mr. Churchill: Mr. Speaker, if the minister did not make the remark, I apologize to him. But somebody on that side did, and I suggest that he stand up and be recognized.

Some hon. Members: Oh, oh.

Mr. Pearson: Mr. Speaker, the hon. gentleman asked when we might be able to complete our work, have a recess and come back. I hope that notwithstanding what has happened in the last few minutes, we will be able to complete this part of the session, unless there is legislation to implement the Norris report, before the end of this week. That depends, of course, on hon. members opposite. I hope we will be able to come back on September 30, if that is agreeable to hon. members opposite. If that is to be done perhaps, notwithstanding what has happened in the last few minutes, we could extend the hours tomorrow and perhaps even extend them a little on Friday.

Mr. A. B. Patterson (Fraser Valley): Mr. Speaker, in the discussions held last night we from this group indicated we would be prepared to go ahead with the extension of hours in order to facilitate the completion of business. I just want to say at this time that we are still prepared to stick with our word.

Some hon. Members: Hear, hear.

Mr. Bell: That is a change from last year.

Mr. Ricard: We know why.

Mr. Patterson: Mr. Speaker, some hon. members are having quite a time containing themselves. It might be a good thing if we had a five minute recess to cool off, so we could come back here and face this situation realistically. We feel the business of the house should be expedited, and therefore we are quite prepared and would be very happy to carry through with the extension of hours to make that possible.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, for the record may I say that following the discussions that were held last evening we took up the matter in

our caucus this morning and indicated to the Secretary of State that we were agreeable to extending the hours tomorrow and Friday, so we would sit from 2 o'clock in the afternoon until 11 o'clock in the evening. I rise now only to say that even after what has just happened, if further negotiations on this point are indicated we are prepared to participate in such further negotiations.

Mr. Churchill: Mr. Speaker, I think this situation should be cleared up, and cleared up very definitely. Yesterday the house leader suggested that we sit today until 7 o'clock. That is inconvenient to our party and I so indicated to him, I then made the suggestion—it is reported in *Hansard* on page 2834—of extending the hours on Thursday and perhaps on Friday. Then having made that suggestion and having said I would talk to my colleagues about it, we come back in the house today and get accusations about obstruction. This is no way to operate a parliament.

Some hon. Members: Oh, oh.

Mr. Churchill: If the suggestion comes from the opposition and we are willing to co-operate, and then we are kicked all over the lot and accused of obstruction, what are we to think when trying to make agreements among parties? The type of thing that has occurred this morning indicates that it is becoming a bit impossible to co-operate with a government that is so unappreciative of what has been done.

Some hon. Members: Oh, oh.

Mr. Churchill: We now have the usual howling down from the Grit side. This has been going on for years. On occasion the Secretary of State, the house leader, has expressed appreciation for our speeding up various portions of debate, and quite properly so. Then he changes his mind today and shouts other words about not co-operating, and things of that nature. This is the situation: The offer was made by myself, just as it was made two weeks ago with regard to the estimates of the Department of Trade and Commerce, and those estimates were carried through successfully.

Mr. Speaker: Order. May I suggest to all hon. members that the Speaker is very pleased with the progress we have made in the last few days. I suggest that we turn the page, close the chapter and get on with the orders of the day.

EXCISE TAX ACT

The house resumed from Tuesday, July 30, consideration in committee of Bill No. C-90, to amend the Excise Tax Act—Mr. Gordon—Mr. Lamoureux in the chair.

[Mr. Knowles.]

On clause 9—*Refund of tax.*

Mr. Gordon: Mr. Chairman, when the committee rose last evening it was agreed, I believe, that its consideration of the bill had concluded, with the exception of clause 9. It was understood that before we resumed today, consideration would be given to the proposals of several hon. members and especially the suggestion of the hon. member for Pontiac-Temiscamingue for amending clause 9 where it refers to tenders.

Since last evening I have studied this matter in consultation with my colleagues and the officials of the department concerned, and especially with my colleague the Minister of Citizenship and Immigration who has an amendment to propose which I believe will meet with the approval of the committee. In drafting this amendment we have had very much in mind the various points raised by hon. members concerning the special features of the law in the province of Quebec. Perhaps, Mr. Chairman, I could now ask the Minister of Citizenship and Immigration if he would move the amendment which has been drafted.

Mr. Lambert: Mr. Chairman, before that happens may I address a point to the government in regard to this question; it will possibly affect their thinking in regard to this particular point. The discussion last night was germane to those contracts which did not have a pecuniary penalty and where a building was actually being built for an owner. I would submit to the Minister of Finance—I think he has received representations in this regard—that in the commercial field and in the industrial field particularly buildings are often erected for purposes of very long term lease, where contracts have actually been signed to lease the building at a stated rent based upon the amortization of the cost of the building.

Clause 9 as proposed does not take into account any contract of this type. Certainly with regard to the province of Ontario I would suggest that a very important segment of the commercial and industrial construction field or realty field will be adversely affected. I think these people would be caught in the provision by that passage wherein it is said that property in the goods must pass. I say this because we know that under a lease property in the goods does not pass; the contractor retains ownership in the goods while the building is leased. I would put it to the minister that if it is still part of the philosophy of the budget to stimulate industry and maintain economic progress, this is one sector to which much closer attention should be paid and in regard to which appropriate modifications should be considered favourably by

the government. I should like to ask the minister to comment upon that point.

Mr. Gordon: I can assure the hon. member that this matter has been under careful consideration. It is a difficult one to apply because it all depends on these leasing arrangements how much of a building has been rerented or leased. We came to the conclusion in our consideration that with the staging of the application of the tax and with the extension of the period of exemption to the end of 1964, that was as far as we could go without opening the thing wider.

Mr. Lambert: In other words, there will be no tax exemption whatsoever with respect to buildings erected for leasing purposes?

Mr. Gordon: That is correct.

Mr. Favreau: Mr. Chairman, I should like to move an amendment to clause 9 of the bill which amends passages on page 11. This amendment, I am pleased to say does, in my opinion at least, reflect the suggestion made yesterday by the hon. member for Pontiac-Temiscamingue and other hon. members, and agreed to by myself and other hon. members on this side. The amendment will have the effect, if accepted, of including the substance of the provision already included in paragraph (b) of subsection 1 of clause 9. It will also provide for an exemption in cases where, under the law present or future of any province, an indication in an offer or tender of a delay or time within which it may be accepted has the effect, or would have the effect, of binding the offerer or the tenderer to maintain his offer or tender during the whole period so specified. I have circulated copies to the representatives of the various parties. I move an amendment as follows:

That Bill C-90, to amend the Excise Tax Act, be amended by striking out lines 9 to 17 and lines 41 to 49 on page 11 thereof and substituting therefor in each case the following:

(ii) after June 13, 1963, if the contract was entered into

(A) in accordance with the terms of a tender in writing submitted by that person on or before that day, under which that person in the event of the acceptance of such tender undertook to enter into such a contract and in default of so doing to incur a penalty, whether by forfeiture of a security deposit or otherwise, or upon the acceptance of which that person became otherwise obligated under any law applicable thereto to enter into such a contract, or

(B) by the acceptance of an offer in writing submitted by that person on or before that day, under which that person undertook expressly or by necessary implication to hold such offer open for acceptance for a specified period and thereby became obligated under any law applicable thereto to hold such offer open for acceptance accordingly,

Mr. Martineau: Mr. Chairman, I naturally appreciate the minister's presenting an amendment which substantially responds to the amendment I proposed last night, except that the amendment in its original form would have eliminated certain ambiguities. I am a little concerned as to the way in which the officials of the department will interpret the clauses. I should like to ask the minister with regard to subparagraph (B), which contains the words "undertook expressly"—which are plain enough—and "or by necessary implication", who will decide whether or not there was such a necessary implication to hold the offer open till the specified period? Will it be the officials of the department, and will the tenderer, the contractor, be under an obligation to submit his tender and supporting evidence to the officials in order that he may qualify for the exemption?

Mr. Favreau: Mr. Chairman, if I might answer that I think two things must be remarked upon. First of all, in any legal text dealing with taxation, such as customs or excise, an officer of the department, under the direction of the minister, always has to an extent to interpret or to apply the text; as a matter of fact, by applying it he is also interpreting it. When he is in doubt about it, or the validity of his interpretation is placed in doubt by the taxpayer, there will then of necessity be a reference to the Department of Justice. The normal consequence is that if there is then no understanding it becomes a matter which only the courts can settle.

The question here is whether the text is satisfactory to the hon. member, who as we know is a good lawyer. Is the text sufficient in his opinion exactly to convey the legal consequences or the protection which he has in mind? I think it is. Whether it be this text or another text, very often taxpayers will not agree with departmental officers, and if a ruling from the Department of Justice is not acceptable, then the matter has to resolve itself into a legal case. We hope to eliminate that as far as possible, but some are unavoidable. I am sure the hon. member will agree with me that there is no room here to define "undertook expressly or by necessary implication", which in French would be, of course, "expressement ou tacitement". I submit that we should not go further than that.

Mr. Lambert: May I thank the Minister of Finance for the answer he gave me, although from my point of view it was unsatisfactory. What I was trying to do was to bring this provision in conformity with

a similar provision which applies in the province of Ontario. I should like to put this on the record to indicate that this wording, which is used by the province of Ontario, would cover the situation admirably:

> Where a construction contractor has entered into a fixed price or lump sum construction contract before the 30th day of March, 1961—

—and here we would substitute "June 13, 1963"—

> —or where such a construction contract was tendered by such person before—

and I would interpose "June 13, 1963"—

> —and was accepted without adjustment thereafter, the treasurer may authorize a rebate of the tax paid by the construction contractor on the tangible personal property that enters directly into and becomes part of the construction or alteration of any building or other structure on land covered by such a contract.

This, in my submission, would cover the case I had in mind.

Mr. Gordon: I am sure the construction industry would be delighted with the representations which the hon. gentleman has just made, but I am afraid they are unacceptable to the government.

Mr. Otto: I think hon. members should be reminded of the implications of this amendment. We are being asked to expand the powers of the administrators by giving them the further duty of interpreting whether there is a penalty or whether there is an obligation. This is, of course, normally the duty of the judiciary. In the last analysis only the courts can decide whether or not a penalty can be enforced. If the only task left to the administration under the terms of the amendment was to interpret certain words, that could be one thing, but to give these servants of the public the responsibility of judging whether a penalty is enforceable is another. I thought I would bring this point to the attention of members of the committee before we vote on the amendment.

The Chairman: Shall the amendment carry?

Mr. Lambert: On division.

Amendment agreed to.

The Chairman: Shall the clause as amended carry?

Mr. Lambert: On division.

Clause 9 agreed to.

The Chairman: Shall the bill carry?

Mr. Lambert: On division.

The Chairman: Shall I report the bill?

[Mr. Lambert.]

Mr. Gordon: Before you leave the chair, Mr. Chairman, may I thank you and all the members of the committee for their co-operation and assistance?

Bill reported.

Mr. Speaker: When shall this bill be read the third time? Now?

Some hon. Members: Next sitting of the house.

ECONOMIC COUNCIL OF CANADA

PROVISION FOR ESTABLISHMENT AND DEFINITION OF DUTIES

The house resumed from Tuesday, July 30, consideration in committee of Bill No. C-72, to provide for the establishment of an economic council of Canada—Mr. Lamontagne—Mr. Lamoureux in the chair.

Clauses 2 to 8 inclusive agreed to.

On clause 9—*Duties of council.*

(Translation):

Mr. Martineau: Mr. Chairman, yesterday, when we were discussing the first section of the bill now before us, I asked the minister if he would be kind enough to indicate the plan he proposed to carry out to promote the expansion of our Canadian economy.

I notice that paragraph (a) of section 9, among others, refers to some plan. I quote paragraph (a):

> (a) regularly to assess, on a systematic and comprehensive basis, the medium term and long term prospects of the economy, and to compare such prospects with the potentialities of growth of the economy;

Well, Mr. Chairman, the minister has not yet given us the various elements of that plan. Now, not only does this bill indicate that there is such a plan, but it clearly states that it will be sanctioned by legislation.

Therefore, I respectfully submit that it is the minister's duty to tell us what that plan is, so that we may know where we are going.

Mr. Lamontagne: Mr. Chairman, I do not think that it is up to me to say what that plan will be. As a matter of fact, it will be one of the duties of the council, as stated in paragraph (a):

> to assess the medium and long term prospects,

—and then to appraise the potentialities of growth in our Canadian economy.

In short, it is simply a question of attempting in Canada an experiment made in several European countries, without perhaps going as far as in France, but rather following the

example set by countries like the Netherlands and others where experts, in co-operation with industry, with the private sector, assess the potentialities of expansion, considering their resources and also the exigencies of a full employment policy.

After studying these possibilities, the council must then evaluate what could be the rate of growth of the economy as a whole in order to reach that objective. Then, discussions must be held with the governments and the private sector of the economy to find out what their plans are, if, at the start, the rate of growth were to be 4, 5 or 6 per cent, according to the initial suggestion.

There is no question here of elaborating a plan without consulting any one and then imposing it by control or coercion; on the contrary, it is only a matter of indicating the objectives to the economy and to ensure that the private sector and the other governments know them in a general way and are doing their best to adapt to them freely.

(Text):

Mr. Thompson: I believe clause 9 brings us to one of the crucial parts of this bill. I think the government should be commended for being careful to bring in all aspects that will provide an opportunity for co-operation and consultation between the various aspects of the economy. I note the following, for example, in clause 9 (f):

> to study and discuss with representatives of the industries concerned and with representatives of labour, farmers and other primary producers, and other occupational groups and organizations, what specific plans for production and investment in major industries in Canada will best contribute to a high and consistent rate of economic growth.

The same theme is continued in subclauses (g), (h) and (i). I believe this is good. I was much impressed with the report on economic planning published by the private planning association of Canada, which I think most of us have had in our hands in recent days. To support the thought I am going to present with regard to this clause, I read the following from page 85 of the report:

> The government in our society is expected, quite rightly, to take the lead in both formulating and ranking national objectives. This may be hampered, however, if there is a widespread misunderstanding about the meaning of the objectives, and about the appropriate set of economic policy measures. The importance of price stability, the meaning of a full employment objective, the advantages of a counter-cyclical fiscal policy are the sorts of topics over which there is much public confusion. As in some European countries, it would be highly desirable to establish more effective communication and understanding between government, economic experts and economic interest groups about appropriate objectives and policies.

Economic Council of Canada

I note with interest, and I mentioned it today during the question period, that press reports indicate that Dr. John Deutsch of Queen's University is being proposed as the head of the economic council. If this is the type of man the government is thinking of for the council, it is good. I think the council can serve a really useful purpose in our economy because certainly there are many aspects of our economy that the economic council is going to be able to assist.

But in reading the subclauses in clause 9 which I have mentioned I think there is something missing. I should like to suggest to the President of the Privy Council that it might be well, just to make sure that these things come to pass as I believe we mutually agree they should, if an additional subclause were added. I would suggest something like this as subclause (k): "To conduct, as directed to do so by the minister, reviews of medium and long range programs of the government of Canada that are designed to aid or assist industry, labour and agriculture".

If this is not added to the responsibilities of the economic council, there is a possibility we will not give the council the full opportunity of function that I think it must have to bring about the co-operation and the spirit of seeking to solve problems together that we must have, not only from labour, not only from management but also from government. Therefore I make this suggestion to the minister trusting that he will consider it because this is the real heart and crux of what we are trying to get at here so far as the duties of the council are concerned.

(Translation):

Mr. Paul: Mr. Chairman, according to the remarks of the President of the Privy Council, in reply to a question of the hon. member for Pontiac-Temiscamingue, we—and I would like the minister to correct me if this was not the meaning of his remarks—the government has no plan for economic expansion and the whole thing will be left to the economic council, the establishment of which is provided for under this bill.

Am I right in that conclusion? As I understood the minister's remarks, the government has no economic expansion plan at present and it must rely on the research, recommendations and suggestions of the council. Is that what he meant?

Mr. Lamontagne: Mr. Chairman, I never said that this government had no economic expansion plan.

Mr. Paul: But did not the minister reply to the hon. member for Pontiac-Temiscamingue

that it was not the government's responsibility to prepare plans but that it would rather be a duty of the council created under this bill?

Mr. Lamontagne: Mr. Chairman, I believe I said that I had no responsibility for preparing a draft plan.

In my opinion, and experience has shown this to be true in several countries, those indicative plans must be developed in several stages. And, normally during the first stage experts are called upon to prepare draft plans in order to establish the broad objectives, and then those who have to make decisions within the economic structures, either in the private or government sector, can take their own responsibilities.

Mr. Paul: Mr. Chairman, may I put a supplementary question? Does the minister intend, on behalf of the government, to submit to the committee some plans of action considered by the government, such as the profits, the advantages, and the development which could be brought about by the implementation of those plans?

Mr. Lamontagne: We shall certainly have the opportunity to submit such proposals, Mr. Chairman.

(Text):

Mr. Fisher: Mr. Chairman, I just want to ask a couple of questions. In going through the duties listed here I notice that there seems to be, by their very absence, a studious effort to avoid using the word "resources" or "resource use" or "resource uses". I imagine I know who drafted the bill and I imagine that he has a certain interest in natural resources. I wondered why there was this apparently deliberate ignoring in this clause on duties of the fact that almost all of our major industries in this country, such as mining, pulp and paper and so on, are based upon resource use.

There may be a simple explanation for this. It may be because we have a new interprovincial-federal resource secretariat which may be going to get involved in cost benefit analyses in this field, and so to specify amongst the duties of the economic council anything regarding resources would perhaps be impinging on their field. Perhaps it was felt that reference to resource use might impinge upon the traditional rights of the provinces. I should like some explanation from the minister about that matter because it does seem to me it is going to be bootless to have an economic council that is genuinely coming to grips with economic plans for this country if it ignores the fact that almost all our industry is related pretty directly to natural resources. That is the first group of questions I wanted to ask the minister.

The second relates to what has been mentioned about the persons who are going to be carrying on these duties.

It is quite apparent, Mr. Chairman, when one runs through the duties of this board that the group of 20 people who will be on the council will not have time to even have more than a smattering of interest or a modicum of understanding of many of these problems if there are genuine studies being conducted. About all the three permanent members of the council and whatever secretariat it has can do is just inform them of what is taking place. I just wanted to ask the minister whether consideration had been given to making more specific the greater responsibility of the three permanent members in regard to the duties and somewhat less onerous set of responsibilities for what you might call the members at large.

I would certainly feel, for example, that if we had someone like Dr. Deutsch as head of the economic council—I myself do not believe he would be the best appointment because, as I believe the minister knows, he is a relatively conservative economist—and suppose someone from a company in Winnipeg was one of the 25 members, then I think the public needs to understand very clearly that the businessman from Winnipeg who might be picked would have much less in the way of responsibility, much less in the way of understanding of what the economic council is involved in than the three permanent members. In other words, I am arguing that we need to have an understanding that there is a real distinction in responsibility and in what we can expect from the three permanent members and the others. I wanted to know from the minister if he could give any indication as to whether or not he feels this way.

Mr. Lamontagne: The hon. member has raised two different questions. The first one was related to the problem of resources. I think that the resource industries would certainly be covered by the wording which is used there. We have certainly not excluded this group of industries in any deliberate way. When we refer to the medium term and long term prospects of the economy and compare such prospects with the potentialities for growth of the economy, then I feel those expressions are certainly all-embracing.

If we consider the other paragraphs, I think we will find the same general expression being used, so we cannot say that there is any exclusion from the scope of studies and recommendations which is envisaged.

Mr. Fisher: May I ask the minister a specific question on that point? A great deal of the United States description of this area has hinged upon the Paley report and studies prepared by Stamford university in respect of natural resources, but there is a new study put out which is very complex and available right now. I have not seen copies of it, but it refers to resource prospects of the United States and how they dovetail in with economic planning. It seems, in a way, almost unexplainable how anyone could sit down and set out the duties of a council which the government considers very important, and completely miss this resource factor. I wondered whether it was on account of any sensitivities.

I am taking a long time to get to my question. Do I take it from what the minister has said there was no deliberate intention of ignoring resources?

Mr. Lamontagne: There certainly was no deliberate intention of ignoring them. As the hon. member can see, there is no exclusion of them. When the term "economy" is being used, surely one cannot be more comprehensive. I would certainly expect there would be no exclusion. If we are to envisage the prospects of the Canadian economy, I cannot see how we could arrive at the right appraisal of our prospects if we exclude the resource industries from this analysis.

Mr. Fisher: May I ask the minister on this point if he will look at paragraph (j) which refers to seeking full and regular consultation with appropriate agencies of the governments of the several provinces? Is that broad enough to include this new resource secretariat?

Mr. Lamontagne: I think this would be quite possible. I would hope that the discussions which are taking place in this special committee would be communicated on a regular basis to the economic council. What we envisage more specifically in paragraph (j) is constant liaison with the similar agencies existing at the provincial level. As the hon. member knows, most of the provinces now have similar economic councils which are responsible for more or less the same duties. We would certainly hope that there would be constant co-operation and collaboration, an exchange of information, in a way that we consider would be helpful.

(Translation):

Mr. Pigeon: Mr. Chairman, the President of the Privy Council will agree with me, as he pointed out a while ago, that the co-operation of all organizations in the nation is required so that the work of the economic council can be successful. It needs the co-operation of municipalities and provinces; on that matter, I should like to ask the minister whether he took the opportunity of the federal-provincial conference held in Ottawa to give a copy of this bill to the premiers and ask their opinion about it, that is whether they are ready to co-operate with that economic council so that it can be successful.

The minister knows himself that the provinces are touchy on that point. In fact, especially these last few weeks, voices have been heard in Quebec and in some other provinces to the effect that their autonomy was in jeopardy, that this was a new encroachment of the federal government on a provincial jurisdiction. Well, I think this bill is really an encroachment on provincial jurisdiction in certain fields, and that is why I am asking whether the premiers did promise to the minister that they would fully co-operate, because it would be useless for the minister to set up that economic council if the provinces are not ready to co-operate. I should also like to know whether the minister intends to consult with the provinces, if he has not yet done so, and even to ask the provinces whether they would like to delegate representatives to that council in order to provide for a full, complete and effective co-operation from everyone.

Mr. Lamontagne: Mr. Chairman, as the hon. member knows, the establishment of the economic council was not on the agenda of the last federal-provincial conference, so that this federal agency was not discussed.

However, over the week end, I had the opportunity of discussing the matter informally with certain representatives of a few provinces, and especially of the province of Quebec, and I am convinced that we can depend on the full co-operation of those provinces, and especially of the province of Quebec.

Mr. Pigeon: Mr. Chairman, following the statement he has just made, I should like to ask the minister a supplementary question.

I know that the discussions were of a semi-official nature, since the purpose of the federal-provincial conference was not to examine the setting up of the said economic council. However, could the minister inform the house about the kind of co-operation he hopes to receive from the provincial authorities, including those of the province of Quebec, since he has told us that the premier of Quebec

had given him to understand that he would co-operate with the federal government. We would appreciate it if the minister were to give us more details about that.

Mr. Lamontagne: Mr. Chairman, as I explained a while ago, that co-operation will be given both within the terms of reference of the economic council and within the terms of reference of the provincial agencies of a similar nature.

Furthermore, the hon. member is certainly aware of the fact that there now exists in the province of Quebec, as in several others, an economic guidance council the responsibilities of which are about the same as those of this federal economic council.

On the other hand, we know that the provinces do not have the necessary information to undertake successfully long term planning of this kind.

It could even be said—and this, to my mind, is obvious—that we do not have, at the national level, all the information required to make accurate forecasts and that we really have to look upon the situation from an international point of view. That is why I feel that we have a tremendous opportunity here of trying not only to ensure the co-operation of similar provincial bodies but of establishing relations with foreign organizations, both in Europe and in the United States, so as to increase reciprocally our knowledge of the present and of the future.

Mr. Pigeon: Mr. Chairman, one last question before passing on to something else.

Is it not the opinion of the minister that it would be advantageous if each premier were to appoint a liaison officer who would be a member of the staff of the economic council? This would allow for better co-ordination, not to mention the fact that an over-all plan could thus be set up which would protect provincial autonomy and the rights of all the parties concerned.

Mr. Lamontagne: Mr. Chairman, I do not think that this suggestion can be entertained either by the provinces or by the federal government.

In my opinion, we should keep, as far as possible, the various jurisdictions separate in our country, if we want to establish subsequently a co-operative federalism. Now, it should be noted that in the bill now under consideration, one of the main duties of the economic council will consist in making recommendations to the federal government in order to implement the policies which will come under the latter's jurisdiction. It would not be advisable that representatives from provincial governments make recommendations to the federal government with regard to federal policies.

I do not believe either that the provinces would agree to the suggestion to appoint officials within a federal body whose duties would be to submit recommendations with respect to the implementation of federal policies.

Besides, I do not think that this would be necessary. I feel that through the information we will exchange from now on, this type of co-operation will be enough to enable not only provincial organizations, but also the economic council of Canada, to carry out their respective duties.

(Text):

Mr. Thompson: I would like to come back for a moment to the point raised by the hon. member for Port Arthur, because the subject of our resources is very basic to the over-all planning of the economy of the country. In the light of the fact that the minister has said there is no exclusion of resources, I wonder whether he would not care to indicate that resources could be included in paragraph (h) which reads:

> To explore and evaluate particular projects of major significance for the expansion of industrial and other economic activities.

We must have the assurance that our natural resources, so far as our general economy is concerned, are included here.

Mr. Lamontagne: I do not think this would really improve the bill because if we started to specify a special group of industries then, in order to ensure there would be no exclusion, we would probably have to provide a long list of industries, including manufacturing and service industries.

Mr. Thompson: I did not mean to include them. I just wanted a statement from the minister that resources were included in the over-all definition.

Mr. Lamontagne: I thought I had made myself quite clear, in my answer to a previous question, that they were included. I would like to come back to the suggestion made by the hon. member a moment ago. So far as I am concerned I would be quite satisfied to accept his suggestion, and I understand

my colleague, the Minister of Citizenship and Immigration, is prepared to move an amendment which will satisfy him.

(Translation):

Mr. Martineau: Mr. Chairman, before the Minister of Citizenship and Immigration moves his amendment, it might be desirable to complete the discussion on general matters. Therefore, I have a few questions I wish to ask the minister and which are related to this clause.

The minister said a moment ago that the council would only make recommendations which come under federal jurisdiction. I suppose that they will be recommendations on economic matters.

In view of his previous statement, does he think that, under our type of federalism, it is possible, through such an organization or any similar one, to develop in Canada a planning system?

Then he referred to the plan which exists in some European countries. The other day he seemed to think that the setting up of this council was the beginning for Canada of a planning system such as we find in France. Today, he says that it will not be quite the same as in France but that the plan may be similar to what is done in France and in some other countries.

Well, I ask him if the council will assume the same responsibilities as the planning board in France and, if so, in what way can it do so because, before it can operate like the French planning board, should there not be a plan? In spite of the many questions I have asked him, I have not had a reply from him about the way he sees that plan.

He said a moment ago that it is important that objectives be indicated. But he did not say who would establish those objectives and how they would be attained. I would appreciate it if the minister gave us some details on those points.

Mr. Lamontagne: Mr. Chairman, in my opinion, this could start a long discussion. The hon. member—

Mr. Martineau: Well, Mr. Chairman—

Mr. Lamontagne: No, no—

Mr. Martineau: Mr. Chairman, the minister refers to a long discussion. We are discussing here the most important part of the whole bill now under study. If the minister refuses a discussion on the only important section of the bill, when shall we have an opportunity to know his opinion on the matter?

Mr. Lamontagne: I think that the hon. member, notwithstanding what happened a while ago, must be patient. I am of the opinion that he will be satisfied with a shorter discussion, because we could discuss this legislation all night.

To revert to the question raised, I believe that in a certain way the economic council will play the part of the *Commissariat au Plan* in France.

If my hon. friend has studied well the duties of the *Commissariat au Plan,* no doubt he will realize that it is, as a matter of fact, that agency which worked out the first outline of the French plan. I do not mean that we shall go as far as that right at the beginning. Besides, the hon. member knows also that the whole planning experience in France started right after the war, when the country was disorganized economically and did not have the research and statistical services that we have at our disposal in Canada. Consequently, in my opinion, we do not need the complex administrative machinery which was developed in France by way of commissions for renovation, equipment, etc. to undertake our own planning.

My hon. friend claims also that it is not easy in a federal system to enter the planning field. I agree with him entirely. I am of the opinion that it would be absolutely impossible, as I said in my first speech during the debate on second reading of the bill, to undertake imperative planning, that is planning which involves control and coercion. I do not think however that the kind of indicative planning we have in mind is inconsistent with our federal system.

Besides, even on the plane of concrete achievements, once the general objectives have been determined, and the time has come to set specific policies and to see to it that the various governments take more or less a consistent line, then—and the Prime Minister has already implied as much—we shall think of organizing new structures within our federal frame. These structures might include a federal-provincial secretariat, as well as a yearly federal-provincial conference, which will be instrumental in solving not only taxation problems, but also unemployment, development, growth and economic forecasting problems.

Mr. Martineau: Mr. Chairman, I have a supplementary question for the minister. Will those aims the minister was talking about, be set by the government, and recommended to the council by the government, or, conversely, will it be the council's role to set those objectives and to recommend them to the government?

Mr. Lamontagne: Mr. Chairman, I do not imagine the council would be asked to set the objectives, although it will be part of its duties under the bill to make recommendations to the government, in order that objectives can be indicated.

Mr. Ricard: Mr. Chairman, since I am one of those who spent almost 25 years in industry, I cannot help being interested in the bill.

I would be one of the first to hope that this legislation will be as successful as the minister expects. However, this leads me to ask him a few questions and I would like to deal immediately with section 9(d) which reads as follows:

to study means of increasing Canadian participation in the ownership—

Could the minister tell us whether the bill was amended since the Minister of Finance decided to withdraw his 30 per cent tax on the purchase of Canadian securities by foreigners or whether this paragraph is the same as in the original bill and whether the minister expects that the decision taken by his colleague will somewhat alter his expectations in this respect.

I should also like to ask the minister how long after being passed, this legislation will come into effect?

Also, how many jobs does he think this legislation will create in Canada, how many new industries can we expect to have as a result of this measure now before us?

Those are the questions I am asking now; there are others I might ask once those have been answered.

Mr. Lamontagne: Mr. Chairman, had the hon. member read the bill that has been tabled before the budget, I think he would have noticed that there has been no change since that time.

As to the second question of the hon. member, asking me how long it will take to establish the council, I should like to know it myself. The hon. member will certainly have noted that a specific clause of the legislation compels the government to consult with the organizations concerned. That, I think, is a very beneficial procedure which will ensure greater co-operation between those organizations, but it will certainly be some time before it is put into force. I trust that I shall be able to recommend to my colleagues appointments to this council at the earliest possible date, and I can assure the house that we shall be diligent in this respect.

As to the hon. member's last question, I do not think I can answer it at this time. In my opinion, such organization has been needed for a long time in our economy. This body will contribute to a greater knowledge of our economic problems in the public and private sectors. I am convinced that, later on, we shall be able to find together—whether at the provincial, federal or private levels—more efficient ways of settling those problems.

Mr. Richard: Mr. Chairman, I should like to go back to the first question I asked, because the hon. minister only partly answered it.

If it is true that the wording of the bill is the same as before the withdrawal, by the Minister of Finance, of the tax on the sale of Canadian securities to foreigners, it is also true that the minister cannot expect the same results as had been anticipated at that time. Therefore, I should like him to answer the first part of my question, that is to say whether the decision of the Minister of Finance (Mr. Gordon) will affect adversely the provision in subparagraph (d).

Mr. Lamontagne: When the Minister of Finance decided to withdraw his proposal with regard to the imposition of the 30 per cent tax, he stated, if I am not mistaken, that the present government of Canada wished to continue pursuing the objective as intended by that particular legislation.

In view of the continued existence of that problem, the purpose of the government remains the same and, to my mind, that particular section might be useful, because I am convinced that there are several ways to attain the proposed objective and solve a problem which everybody knows to exist.

Mr. Martineau: I want to ask a supplementary question, Mr. Chairman. Does the minister agree that in view of what he has just said about the imposition of the new tax by President Kennedy concerning interest equalization, that is one way for the government to attain its objective?

Mr. Lamontagne: Mr. Chairman, I do not think it is my responsibility to answer that question. Besides, I do not see what that question has to do with the bill now before us.

Mr. Martineau: Mr. Chairman, there is a quite close connection because the minister stated that one of the objectives of the government was to regain control over the Canadian economy and that the Minister of Finance had proposed a tax which would help to attain that objective. So, I ask him, whether the action taken by President Kennedy which will certainly result in curtailing the investments in this country, may be considered as a proper way to attain the objective set up by the government and by the minister who is its spokesman at this time?

Mr. Lamontagne: I do not quite understand the hon. member's question. Does he suggest that the Canadian government should adopt the action recommended to the U.S. congress by President Kennedy?

Mr. Martineau: No, I am suggesting exactly the contrary. It is not our business to adopt such a measure, but I should like to know whether the minister considers that the tax imposed by President Kennedy will give Canadians more control over their economy by curtailing the investments in our country by American citizens?

Mr. Lamontagne: I think the tax imposed by President Kennedy could have, as the Minister of Finance stated in this house, quite bad effects in Canada, particularly on a short term basis.

It is also for that reason that there were negotiations between the two countries in order to get a partial exemption for our country. It is also for that purpose that the Minister of Finance will go to Washington over the week end to negotiate a particular arrangement as far as we are concerned.

Again, Mr. Chairman, if we follow up such a discussion, we will be deviating from the subject matter now before us.

Mr. Gregoire: Mr. Chairman, further to the remarks of the hon. minister, we saw in today's papers a report about an American commission set up to examine the effects of international payment balance in the field of American investment in this country. This commission stated that every Canadian dollar invested in Canada returned to the United States within ten years and tripled within 20 years. That was the conclusion reached by a commission made up of orthodox professors of American universities. Like the hon. minister those economists declared that American investments in Canada were profitable to the Americans and consequently advised President Kennedy to withdraw this tax.

Now, to revert to the bill before us, I see that under clause 9, the object of the legislation is to establish an economic council. Now, the economic objective—which I cannot find in this clause—let us not forget it, Mr. Chairman, is to give each and every citizen of this country a vital minimum to enable him to lead a decent life in accordance with the wealth of the country.

An hon. Member: Print money.

Mr. Gregoire: I heard somebody who said to print money. I must say that I invited him to come to my office to admire a picture on the wall. This is a picture of a foot. Maybe I could invite him again to come and admire that picture in my office.

I see nothing which will allow this economic council of Canada—

Mr. Pigeon: Mr. Chairman, I rise on a question of privilege. I have always been polite and I have never cast aspersions on the person of the hon. member when I asked him a question. Therefore I should ask the minister—

Some hon. Members: Oh, oh.

Mr. Pigeon: I am sorry, Mr. Chairman, if I have insulted the house in calling this member a minister who, anyway, will not sit here after the next election. Moreover, he does not reside in his riding and I am sure that the people of his riding are smart enough to realize it so as not to elect him again at the next election.

I shall ask the hon. member to show some intelligence and to answer questions in a polite way because we are always polite with him. Furthermore the hon. member for Lapointe (Mr. Gregoire) has no right to give a lecture; he should be the one to receive one.

Mr. Gregoire: I was not talking to the hon. member for Joliette-L'Assomption-Montcalm but to another member on the other side of the house. Besides, what I said could not apply at all to the member for Joliette-L'Assomption-Montcalm because, if I remember correctly the remark I made the other day, I spoke then about two feet whereas today I mentioned only one foot.

Economic Council of Canada

(Text):

The Deputy Chairman: Order. The services of a referee are indicated. I wonder whether the hon. member for Lapointe would get back to clause 9.

(Translation):

Mr. Pigeon: I wish to point out that I have always been polite with hon. members and if the hon. member does not withdraw his expression he will deeply regret it.

Mr. Gregoire: There is no question of privilege. And if you will let us, we will continue discussing serious matters.

Mr. Chairman, as I was saying, the functions of an economic guidance system must follow in a parallel direction the functions of an economic system which are to fill the basic needs of each and every citizen according to the wealth of the country. All those clauses are related to the functions of the two economic guidance systems but I have yet to find one that will really enable the country not only to encourage production but also to give every citizen means to buy that production. I see, for instance:

To study means of increasing Canadian participation in the ownership, control and management of industries in Canada.

But nothing is suggested to enable people to take control of business in our country.

Clause 9 provides that the council will have to submit suggestions to increase productivity, or production. But today, Mr. Chairman, I am convinced that we are not facing production problems. This problem has been settled since the beginning of automation. The evidence is that automation produces so fast that men are unemployed. The minister is well aware that it is true that if a man is displaced as a result of automation, he cannot be employed elsewhere. In fact, his services are no longer required because automation produces too much already.

The duties of a council for economic guidance consist solely in assessing means of producing more, while today production is piling up in warehouses and in factories. I wonder why the minister, who is supposedly an economist, instead of considering the duties of an economic council in the light of production, does not consider the monetary system of the country, since that is part of the economic system? Why is this not mentioned in this clause concerning the duties of the council? Why is no mention made of a monetary reform which will enable our population to consume production? Why this attempt to increase production? The President of the Privy Council is well aware that during the war it has been possible to develop our production enough to be able to subsist besides helping European countries to subsist and provide arms to many countries.

But our economists are not smart enough to find the ways and means to maintain the same production level for our own citizens, even though we were able to cater to the needs of foreign countries during the war. My contention is that as long as the economic council is not prepared to accept the only possible solution to our economic ills, it will improve nothing. If the Liberal party continues to get entangled in study groups and planning councils, I say that within two years time, it still will not have corrected the unemployment situation. Mr. Chairman, the proposed measure will not overcome unemployment, because it does not tackle the problem from the right angle.

We are not faced with lack of wealth or insufficient production for this country is rich. What we have to solve is a problem of distribution. That is the problem. Does not clause 9 provide for a reform of our monetary system in such a way that when the economic council after suggesting methods of increasing both quantitative and qualitative production, it may suggest methods of distributing such production?

I would like to see not only provision for an increased production, but also for an increased distribution of production.

This is as simple as that, Mr. Chairman. I do not see why the President of the Privy Council did not include that in the duties of his economic council.

The other day, I asked him if he would not consider monetary reform to enable production to reach the consumers. But he replied that the committee would examine my suggestion when it would reach the duties of the economic council. But we found nothing to corroborate the remarks of the President of the Privy Council. I would therefore ask him if in addition to giving incentives to production and automation, he would encourage the Bank of Canada to put at the service of the people the necessary credit to insure the purchase of the production.

That was the question I wanted to ask him after such a long preamble. Why could we not suggest that the Bank of Canada create the necessary credit to ensure the pur-

chase of all that production which would be increased through the efforts of the economic council.

(Text):

Mr. Carter: I wish to ask one or two questions based on subclauses (i) and (j) of clause 9. These two subclauses set forth the duties of the council to encourage the maximum degree of consultation and co-operation between labour and management and between the appropriate agencies of the various levels of government.

We have already been told that this parliament does not have the authority to draw up a super plan and put it into effect. It is obvious that this would be the case, because our natural resources are under provincial control. It is also true that a large section of public capital is similarly controlled by the provincial governments. For this reason I consider that these two subclauses are in reality the essence of the bill now before us. If this economic council is to succeed it must develop the proper kind of co-operation between the various bodies concerned. I think it would have to go even further than that and inspire those various agencies with a sense of purpose which will get them thinking nationally and help them to rise above individual differences and conflicts of interest—in other words, to put the over-all good of the nation first. Unless this is done, the members of this board could easily become little more than lobbyists for their own particular interests. This duty of developing good will and co-operation and inspiring with a sense of purpose is the meat of this bill.

A great deal has already been done in this field in the last three years by the productivity council; and what concerns me is this, that nowhere in this clause do I see any provision for continuing the work which has been done by that council. The council was successful in setting up tripartite councils in almost every province with active participation by provincial governments. They have carried on a number of seminars in which they have brought together the top people in labour and management and have got them to think nationally instead of in terms of individual interest. In addition, they have changed, to some extent, the old concept of class conflict into one of co-operation for the national good. All this has been achieved, but we are told in another clause of this measure that when this bill becomes law the productivity council will disappear—it is to be absorbed by this economic council. However, I do not see what provision is being made to continue the work of which I have been speaking.

Mr. Lamontagne: Clause 11.

Mr. Carter: Yes; but that is what disturbs me. I did not want to raise this until we came to clause 11 but since the minister has mentioned it I would point out that in that clause it is provided that these programs shall be carried out by the council only until such programs can be continued by other government departments or agencies. That means to me that somewhere along the line they are going to be turned over to civil servants. I do not think that a program of that kind can be handled in that manner. I think it is absolutely imperative that we preserve the solid achievements of the productivity council and that is why I should like to ask the minister what provision is being made to see that this is done.

Mr. Herridge: Mr. Chairman, I rise for a few minutes just to support the remarks made by the hon. member for Port Arthur and the hon. member for Red Deer with respect to the omission of any particular reference in clause 9 to natural resources. Personally I feel that the development of our natural resources throughout the country generally, whether through public ownership, private ownership, a combination of both or in some cases through co-operative ownership, offers one of the greatest opportunities to younger people who are not interested in going into industry and other vocations.

You will pardon me for referring to my own district but I am well acquainted with it and I should just like to mention a few things before the minister introduces his amendment. We have in our district in one block 10,000 acres of land that require only draining. There is another block with 500 million feet of timber that can be utilized in the future as a result of co-operation between government and industry and so on. We all know of the tremendous water development that is possible there but I will not speak of that now because we are dealing with it in other ways in the house.

There are half a dozen beautiful hot springs in my riding, one of which was developed to a greater extent recently. These are resources which have been overlooked. There are a half dozen beautiful hot springs in my constituency, three of which are not developed and one only partially developed. One man has developed one of these hot springs this year and there are over 500 tourists per day bathing there, some from Alberta because they like to come to British Columbia to get a washing out, and others from the United States, and other parts.

There is a wonderful opportunity for the development of parks, which are directly related to happiness. The development of these hot springs can be made very fruitful

as far as the persons using them are concerned, and can be operated at a profit either by government or under private ownership. Then there is a great wealth of coal in various parts of Canada which can be utilized for power in the future.

I just mention some of the tremendous resources which lie undeveloped even in my own constituency, and this type of opportunity is multiplied a thousand times throughout Canada. I appeal to the government to give serious consideration to the question of getting the facts with respect to natural resources. I presume that the first thing is for the government to get the facts, to get the information on resources and the opportunities for manufacturing in industry and so on both large and small. I presume there will be some consultation between the council, provincial government representatives and private industry. I also presume that as a result of that there will be recommendations made to this government arising from the activity of this council and also recommendations made to provincial governments and legislatures.

I make all allowances for the difficulties involved. This is an experiment. I know that the minister will have to explore techniques and things of that sort and that the legislation will be changed as a result of experience. I make all allowances for that. But if the legislation is going to be successful I do urge that the greatest possible information be given to the people of Canada generally and the people of any particular district with respect to the development of natural resources or the development of industry. The success of the legislation will depend on a great deal of co-operation not only between management, labour and farmers but between many other groups and communities and between many people in various communities and the council. I know from personal experience that all these people need is some leadership and to be given a purpose in life. One of the biggest difficulties we face today is that we have multitudes with no purpose in life because of our system, no pride in our country and who do not know where the hell they are going. I hope that this type of legislation will do something to focus attention on things worth while to the advantage of all of us.

Mr. Favreau: Mr. Chairman, I am sure we will all agree that the speech of the hon. member for Kootenay West on hot springs was most refreshing, but I think it is just as refreshing to note how right the President of the Privy Council was when he insisted that in clause 9 the references to the economy, and especially in subclause (a) to the assessment on a systematic and comprehensive basis of the medium term and long term prospects of the economy and of the potentialities of growth of the economy, necessarily include and refer to resources. Of course the hon. member for Kootenay West and other hon. members are right in insisting that resources should be covered by the legislation, but I agree with the President of the Privy Council that if within the general phrases there was specific reference to natural resources, that might be interpreted or deemed by some to exclude other factors which are equally essential. I think we can rely on the President of the Privy Council when he asserts and confirms that resources are fully covered and taken into account.

When the hon. member for Red Deer spoke, he referred to the advisability of completing or making more precise the powers of the council by allowing the council to direct reviews of medium and long term programs. In this respect I move:

That clause 9 of Bill C-72 be amended by striking out the word "and" at the end of paragraph (i), by adding the word "and" at the end of paragraph (j), by adding thereto the following paragraph:

(k) to conduct, if directed to do so by the minister reviews of medium term or long term programs of the government of Canada that are designed to aid or assist industry, labour or agriculture.

The Deputy Chairman: Shall the amendment carry?

Amendment agreed to.

The Deputy Chairman: Shall the clause as amended carry?

Mr. Starr: Mr. Chairman, I have a few remarks to make on this clause with relation to the national productivity council which will be wiped out of existence when the bill is passed. I was very intrigued by the remarks of the parliamentary secretary to the Minister of Veterans Affairs in which he commended the worthwhile efforts of the members of the national productivity council in their efforts to improve labour-management relations in this country. At this time, Mr. Chairman, I should like to pay tribute—

Mr. Pickersgill: I wonder if the hon. gentleman would allow me to interrupt? I think the hon. gentleman's speech is related to clause 11. Could we pass clause 9 and get to clause 11 so that it would be relevant?

Mr. Starr: I have no objection, but this matter was raised by the hon. member and I thought I should say a few words. I intended to speak about it on clause 22.

Mr. Lamontagne: Clause 9 does not deal at all with the national productivity council.

The functions of that council have been included in clause 11. Perhaps the hon. member's remarks would be appropriate at that time.

Mr. Starr: Well, the minister should have been as zealous in his efforts to bring about order in debate when the parliamentary secretary to the Minister of Veterans Affairs was speaking.

Mr. Lamontagne: I said so then.

Mr. Starr: As I said earlier, I had no intention of making my few remarks on the national productivity council until clause 22 was called, since that clause wipes out the productivity council. However, the matter has been raised and I thought I would inject my few words at this point and save time when clause 22 was before us.

I want to pay tribute to Mr. De Young, who was the chairman of the productivity council, as well as the members who have worked so hard in breaking new ground in this country to bring about greater production in Canada so that our goods would be competitive in world markets. I should like to pay tribute particularly to their efforts in bringing about a greater degree of co-operation between labour and management. They must, of course, be given credit for bringing about this co-operation. This has been accomplished by various means such as seminars that have been held in the industrial centres which have afforded labour and management an opportunity to discuss their mutual problems. The representatives of labour and management have also been given the opportunity of living together during their journeys through European countries to study the type of labour-management co-operation that exists in those countries. I feel this exchange of ideas between the representatives of labour and management has taught both of these important groups in our country how to live with one another.

This is the crux of a great many of the problems that face this country. So long as labour and management can understand one another, so long as they can exchange their ideas, then many of the problems faced by the government and the economy of this country will be alleviated. I say that great strides have been made in this area through the efforts of the national productivity council. I suggest to the minister that when he is considering appointments to this national economic council, consideration should be given to the selection of some of these people who have served so well on the national productivity council, because of their background of experience in this field. I believe their services would prove invaluable. They certainly could contribute a great deal to this economic council as well as to the economy of this country.

Mr. Douglas: Several members have expressed the fear that under this legislation the minister might go too fast in moving toward the establishment of a planned economy. I suggest that anyone who will read this bill carefully, particularly clause 9, will have his fears allayed. I do not believe there is any danger under this legislation of either going very fast or getting very close to a planned economy, not even indicative planning. If one reads through the clauses one sees in each case such phrases as, to recommend; to consider; to study means; to study economic growth; to explore and evaluate; to encourage maximum consultation; to seek regular consultation, and so on.

The powers given to this board are extremely limited. When the minister talks about economic planning in France and makes a comparison with this legislation, I think one has to stretch his imagination rather far to think there will be anything resembling the planning operation in France. However, it is a beginning, and as a beginning it ought to be encouraged. The value of this beginning will largely depend on the economic council itself and the personnel of that council.

I wanted to hear the minister answer the question which was asked by my colleague, the hon. member for Port Arthur. He wanted the minister to outline the distinction in functions between the chairman and the two full time directors on the one hand, and the number of members of the council who, of course, will be merely attending the meetings of council on a per diem basis. This group, perhaps up to 25 in number, will have what functions? How will the chairman and the two directors function? What will be their duties and what will be the duties of the other members? Are they to be largely advisory? Will they meet three or four times a year? It is suggested here that there will be representatives from appropriate organizations. Will they be nominated by those organizations? Will the minister ask each organization for a slate of candidates? Will the manufacturers' association, the Canadian Labour Congress, the farmers' union or co-operative, be asked to submit a slate of names from which the minister may choose? Will the government simply select a farmer and say he represents agriculture, although agriculture may have had no voice in suggesting his name? Will some ex-unionist or defeated candidate who once had trade union connections, be chosen as a representative of labour or will labour be able to nominate a man who

will be able to speak for labour and take the views of the council back to labour?

I am convinced that the success or failure of this economic council will depend upon the participation of the groups that are represented on the council. Unless you get the co-operation of industry, labour, agriculture and all the various segments of the economy, then the council is going to be little more than a statistics gathering organization putting together plans that will gather dust on somebody's desk. If the members of this council are representatives of organizations and are able to go back and secure the co-operation of these organizations, this could be a very effective council. I should like, therefore, to ask the minister, first, what is the distinction between the full time members and the part time members? Will the members who are selected from organizations be selected on the basis of the organizations having an opportunity to name a slate? Will all these persons concerned be expected to report back and secure the co-operation of the organizations they are alleged to represent?

Mr. Baldwin: I am not raising any point of order, Mr. Chairman, but I think this probably comes well within this clause of the bill. I want to refer to the matter raised by the hon. member for Port Arthur as to the question of the inclusion of natural resources. Anyone looking at clause 9 can see that there has been a lot of care and attention given to it. It has been honed and sharpened, and its words carefully chosen; but as the Minister of Citizenship and Immigration will realize, there is a very important motto which we have to the effect that the inclusion of one is the exclusion of the other, and specifically mentioned from clause (a) to clause (k) are a number of specific definite duties without having reference to the question of natural resources. This rules out the fact that natural resources can be considered.

I doubt very much whether this statute will ever be the subject of judicial determination, but it is our duty to consider that the words of the statute give effect to the announced intention. If it is the announced intention of the government, in this question of planning, to deal with natural resources, then it simply has not done it. It is not good enough to say these sections are wide enough, taken one with the other, reading one in juxtaposition with another, to include something which is not specifically mentioned. I suggest that after the words in paragraph (g) which state:

> —to study how national economic policies can best foster the balanced economic development of all areas of Canada

—there should be added "and the development of the natural resources of Canada".

I come from an area where, because of the policies of national development of the last government, with the construction of the Pine Point railway and other matters, the area is now beginning to flex its industrial muscles, based on its natural resources, and I am concerned to see that in any planning which takes place there is careful and meticulous attention paid to this part of our national life.

I took some exception to what the hon. member for Kootenay West said about people from Alberta, and I should remind him that there are some great tourists who go from Alberta to B.C., not least of which is the premier of B.C. But apart from that I think his speech was on very sound ground.

I do not want to suggest that what is done in another country is the same thing as should be done in Canada, but I would refer to the language used in England when the United Kingdom introduced a similar operation, not by the introduction of a statute but by simple executive act. The definition of the tasks of the national economic development council of that country was given by the then chancellor Selwyn Lloyd within the four corners of three simple paragraphs:

> To examine the economic performance of the nation with particular concern for plans for the future in both the private and the public sectors of industry;
>
> to consider together what are the obstacles to quicker growth, what can be done to improve efficiency and whether the best use is being made of our resources, and
>
> to seek agreement upon ways of improving the economic performance, competitive power and efficiency, in other words to increase the rate of sound growth.

That is excellently worded and I think could well have formed the basis of the objectives in clause 9.

I do not go so far as the hon. member for Burnaby-Coquitlam in talking about indicative and other types of plan. We have heard of carrying coals to Newcastle, but here is a case of coals from Newcastle.

There is a news item in *The Christian Science Monitor* of Monday, May 27, 1963 under the heading, "Soviet Banker Sounds Alarm". I did not know they had Soviet bankers, but apparently they can be as alarmed as our bankers, because in his opinion the type of planning they have in the Soviet union has gone too far and too fast. This is what the article says in part:

> Delegation of powers, uneconomic prices, and rapid industrial growth without checks and balances have plunged tens of thousands of Soviet enterprises into relative or absolute bankruptcy.
>
> In the *Economic Gazette* of May 11, Aleksandr K. Korovushkin, Soviet state bank president, has sounded alarm. In the first four months of this year, 11 large enterprises have informed the bank that they had to stop payments.

The whole Soviet financial planning system seems to be out of gear. While production continues at full blast—much of it unplanned and unneeded—more and more industries are going into the red.

I am satisfied that something along the lines of what was done in the United Kingdom is fine. I believe that while there has been too much prolixity in clause 9 it is probably along those lines, but I would like to see some specific mention of the words "natural resources".

Mr. Macdonald: The hon. member has just referred to the legal maxim *expressio unius exclusio alterius est,* but surely by putting in reference to natural resources you operate that maxim because you leave out all reference to secondary manufacturing and service industries, which are not primarily concerned with natural resources. In order to achieve what the hon. member suggests, it would have to become more prolix.

Mr. Pickersgill: Might I move that the committee rise, report progress and ask leave to sit again, but before doing so I wonder would there be agreement—since it seems to me all these questions could be asked on later clauses—to pass clause 9?

The Deputy Chairman: Shall clause 9 as amended carry?

Some hon. Members: Agreed.

Clause 9 agreed to.

Mr. Pickersgill: Then I move that the committee rise, report progress and ask leave to sit again, I imagine at the next sitting of the house.

Progress reported.

Mr. Pickersgill: I wonder if I might be permitted to make a very brief statement to the house about a matter in connection with private members' business. Hon. members are aware that on the notice paper there is a notice of a bill in the name of the hon. member for Marquette (Mr. Mandziuk), and it is my understanding that this bill would have fairly widespread support in the house. It is not sponsored by any party, it is sponsored by the hon. gentleman as one of the members.

With a view of ending an awkward and difficult procedural problem the government is willing to give an undertaking that before the session ends—not before adjournment—and at the first convenient time, government time will be made available for the debating and the determination by the house of that bill.

I understand that if that undertaking is given, and I hereby give it, there would be no objection on the part of hon. members to giving consent to my hon. friend from St. Paul's, the chairman of the miscellaneous private bills committee, to move at this time the second reading of the bills standing in his name, so that they could go to the committee on miscellaneous private bills for processing at the earliest possible moment.

Some hon. Members: Agreed.

PRIVATE BILLS

SECOND READINGS—SENATE BILLS

Mr. Ian Grant Wahn (St. Paul's): Mr. Speaker, by unanimous consent I move, seconded by Mr. Macaluso:

That Bills SD-51 to SD-251 both inclusive, which received first reading on Monday, July 29, be now read a second time and be referred to the standing committee on miscellaneous private bills, for consideration forthwith and that standing orders 93, 94(3)(a), 100, 102, 106 and 116 be suspended in relation thereto.

Motion agreed to, bills read the second time and referred to the standing committee on miscellaneous private bills.

Mr. T. C. Douglas (Burnaby-Coquitlam): Mr. Speaker, could I ask the Secretary of State a question. Does this cover all these bills? Are there any left now?

Hon. J. W. Pickersgill (Secretary of State): This covers every bill that has been received in this house from the other place; that is, everything that we are able to deal with. I regret very much to say I am informed that it does not include all the bills that were presented in previous parliaments; but I am given to understand that they start with the ones we received first and are carried on seriatim. This is as many as we have any capacity to deal with at this time.

Perhaps Your Honour would permit me to add an expression of appreciation to the hon. member for Marquette (Mr. Mandziuk), who made a very great effort in the last parliament, for his willingness to continue his efforts at this time.

Mr. Reid Scott (Danforth): Mr. Speaker, may I ask the hon. gentleman a question, just for my own clarification. Do I understand from what he has said that this will cover approximately 1,000 bills?

Mr. Pickersgill: No, Mr. Speaker. If I read the numbers aright, there are 200 bills. But that is probably wrong; there are probably fewer than that in view of the fact that there have been some other Senate bills that were not divorce bills. This procedure covers about 200 bills, but there are still a great many others. However, these are all the bills that have come to our house.

Mr. Arnold Peters (Timiskaming): Mr. Speaker, I have just come into the chamber and am unaware of what has happened.

Royal Assent

Mr. Pickersgill: In view of the very great interest taken by the hon. member in this matter perhaps the house would permit me to say that what I had hoped to be able to do, and what the hon. gentleman was aware of as being my intention to do on motions, I was unable to do for reasons that I would just as soon not attempt to explain at this moment. However, the difficulties which had arisen at that time were ironed out during the afternoon, and what I did was give an assurance to the house that the government would be prepared to give whatever government time might be necessary during the present session of parliament for debate and determination by this house of the bill of which notice was given today by the hon. member for Marquette. That undertaking I repeat on behalf of the government.

THE ROYAL ASSENT

A message was delivered by Major C. R. Lamoureux, Gentleman Usher of the Black Rod, as follows:

Mr. Speaker, the Honourable the Deputy Governor General desires the immediate attendance of this honourable house in the chamber of the honourable the Senate.

Accordingly, Mr. Speaker with the house went up to the Senate chamber.

And being returned:

Mr. Speaker informed the house that the Deputy Governor General had been pleased to give, in Her Majesty's name, the royal assent to the following bills:

An act to amend the Atlantic Development Board Act.

An act to amend the Customs Tariff.

An act to authorize the construction and maintenance of a bridge and tunnel across the St. Lawrence river at the Boucherville islands, in the province of Quebec.

An act respecting Ukrainian National Federation of Canada.

An act respecting the board of trade of Metropolitan Toronto.

An act to incorporate Kinross Mortgage Corporation.

An act to amend the Judges Act and the Criminal Code.

BUSINESS OF THE HOUSE

Mr. Churchill: I should like to ask the house leader if the order of business stands for tomorrow?

Mr. Pickersgill: I would think that we would complete the economic council bill, and if there was no objection we should like to take third reading of it before proceeding to the next measure, so that it could go on to the other place. We would then go on with the municipal development and loan bill. Then there is the surcharge order, and after that interim supply. If my memory serves me rightly they are all the measures.

Mr. Churchill: And third reading of the excise tax measure.

Mr. Pickersgill: That will be brought up at some stage.

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

HOUSE OF COMMONS

Thursday, August 1, 1963

The house met at 2.30 p.m.

COMMITTEES OF THE HOUSE

LIBRARY OF PARLIAMENT—FIRST REPORT OF JOINT COMMITTEE

Mr. Speaker: May I be permitted to inform the house that the joint committee on the library met yesterday and I now have the honour to table its first report in both English and French.

MISCELLANEOUS PRIVATE BILLS—EIGHTH REPORT

Eighth report of standing committee on miscellaneous private bills—Mr. Wahn.

(Translation):

PRIVILEGE

MR. PIGEON—REFERENCE TO REMARK IN DEBATE BY SECRETARY OF STATE

Mr. L. J. Pigeon (Joliette-L'Assomption-Montcalm): Mr. Speaker, I rise on a question of privilege. I am referring to a question which was asked by the hon. member for Rosthern (Mr. Nasserden) and to the reply given by the Secretary of State (Mr. Pickersgill), which went as follows:

> I am afraid I cannot add anything to the answer which was given to his alert colleague, the hon. member for Joliette-L'Assomption-Montcalm, who anticipated this question on June 28 and represented the hon. gentleman's constituents at that time.

Mr. Speaker, I should like to point out that even though I live in the riding of Joliette-L'Assomption-Montcalm, which is not the minister's case, it is my privilege to ask questions which do not necessarily concern the constituency I represent in Ottawa. As a member of the parliament of Canada, it is my right to ask questions concerning other parts of the country.

Furthermore, I have no orders to take from the hon. Fuehrer from Bonavista-Twillingate.

HOUSE OF COMMONS

WITHDRAWAL OF QUESTIONS ON ORDER PAPER

Mr. Gilles Gregoire (Lapointe): Mr. Speaker, I rise on a question of privilege which might not be one, but I should like to raise the matter just the same with the consent of the house.

During the question period yesterday afternoon, the Secretary of State (Mr. Pickersgill) called us together to inform us of the difficulties caused by a number of questions on bilingualism put on the order paper by the hon. members for Beauce, Quebec East, Compton-Frontenac, Dorchester and Roberval (Messrs. Perron, Beaule, Latulippe, Boutin and Gauthier).

There are several of those difficulties that we cannot admit, namely:

(a) the definition of a bilingual person,

(b) the criteria to be used to assess the bilingualism of such a person,

(c) the length of such an inquiry,

(d) ascertaining whether a business is French Canadian or not.

In addition, we feel that knowledge of the facts, of statistics and of the degree of participation of French Canadians in the affairs of the country is absolutely essential to the Laurendeau-Dunton royal commission if it is to conduct a worthwhile inquiry.

On the other hand, we understand and appreciate that the Secretary of State (Mr. Pickersgill) would like to dispose of all the questions on the order paper before the summer recess.

(Text):

Therefore, in view of the fact that the government has shown determination to settle the problems of bilingualism and biculturalism in our country, we will agree to the request of the Secretary of State to withdraw these questions from the order paper, under the condition that the government will ask the civil service commission to make an inquiry on this subject and transmit the results of this inquiry to the Dunton-Laurendeau commission and to ourselves.

Hon. J. W. Pickersgill (Secretary of State): If I might be permitted to say a word, I should like to express appreciation to the hon. member and to other hon. members in whose names the questions are standing, and to give to them the assurance that I have communicated with the commission about this matter. The civil service commission is most anxious to provide all possible information of the character that was asked for in these questions to the royal commission. The government will do everything possible to facilitate the procedure along the lines the hon. gentleman

has suggested. Speaking for the government, I am most appreciative of the attitude he has taken.

Mr. Speaker: Will the Secretary of State indicate now if possible, or later perhaps, the numbers of the questions to which reference has been made?

Mr. Pickersgill: I wonder if I might save the time of the house by indicating that tomorrow?

Some hon. Members: Agreed.

LABOUR RELATIONS

GREAT LAKES—ANNOUNCEMENT OF DECISION TO ESTABLISH TRUSTEESHIP

Hon. A. J. MacEachen (Minister of Labour): Mr. Speaker, I indicated yesterday that I should like to make a further statement about the report of Mr. Justice Norris on the disruption of shipping. Hon. members will have had the opportunity of reading the report and becoming familiar with its contents since its release just over two weeks ago on July 18. Hon. members will, I think, all agree with me that the commissioner delivered a comprehensive report following one of the most intensive inquiries ever made in Canada in a labour relations situation. The report gives an account of violence, corruption, lawlessness, mismanagement, misapplication of union funds and arbitrary control over the livelihood of seamen on the waters of the great lakes and the St. Lawrence seaway.

Both the inquiry itself and the report have clearly stirred public opinion, and from questions asked by hon. members it would appear that they have also been deeply shocked by the sordid and cynical situation which appears to exist in areas of the shipping industry on the joint waters uniting Canada and the United States. A strong desire has been expressed that resolute action be taken to control the situation, to cure it and to prevent it from corrupting other parts of the legitimate union movement.

An interdepartmental committee composed of deputy ministers and other senior officials of the departments most directly concerned was named, as announced earlier, on July 17. This committee has reviewed, under some pressure, the recommendations contained in the report and has made its observations on each of them. Based on these observations, on the endorsation of the major recommendation on the part of four of the five maritime unions directly involved, one of which endorsed the major recommendation only yesterday, and on the widespread public support for effective action to be taken to deal with the situation revealed by the inquiry, the government has reached a decision that a trusteeship is advisable.

Consultations have been carried on with the Canadian Labour Congress about the course of action which might be followed. Both the government and the Canadian Labour Congress hold firmly to the view that a government sponsored trusteeship should not be introduced as a normal means of dealing with problems arising within or between unions, and that it is justified in this instance only due to the extraordinary circumstances prevailing with respect to Canadian shipping on the great lakes and the St. Lawrence seaway.

In view of the fact that all of its affiliates concerned have accepted the recommendation for a trusteeship, and on the understanding that a trusteeship would be of a temporary duration and that the legislation providing for it would contain other safeguards, including progressive removal of the trusteeship, the Canadian Labour Congress has now assured the government of its co-operation.

A start has been made on the preparation of the necessary legislation. As will be appreciated, this requires much care due to the constitutional aspect involved and to the necessity for the legislation to be effective.

We had hoped it would have been possible to bring forward legislation before the recess. The only type of legislation that could have been prepared for immediate parliamentary action, due to the limited time available since the report was issued, would have been general enabling legislation empowering the government to take the necessary action under regulations approved by governor in council.

After careful reflection it has been decided not to propose this course. Instead a decision has been taken to press ahead with the preparation of detailed legislation that is within the power of parliament to enact, and which will be introduced for the immediate attention of the house on our return at the end of September.

The interval will enable us to proceed with our plans, including completion of the necessary work on the legislation. It is our intention to have further discussions with the United States authorities with a view to ensuring the maximum effectiveness of a trusteesship in removing the continuing harassment of Canadian ships on the great lakes. I would like to refer, in this connection, to that portion of the official release issued in May following the meeting of President Kennedy and the Prime Minister of Canada at Hyannis Port on May 11:

"On the great waters that separate and unite the two countries—the St. Lawrence river and the great lakes—it is essential that those who own

and sail the ships should be free to go about their lawful business without impediment or harassment."

As hon. members know, this harassment has continued. There have been several further acts of violence, illegal picketing, and one Canadian vessel has been refused the right of all shipping and loading facilities at the port of Chicago for over 100 days, despite the fact that court injunctions against such secondary picketing have been obtained.

It is to be sincerely hoped that the decision to establish a trusteeship will lead to a full resolution of the serious problems that have arisen in both Canada and the United States over the past three shipping seasons.

Trusteeship, which is a device used by the unions themselves to control and rehabilitate delinquent local unions, is a distasteful remedy to deal with a repugnant situation. Fortunately nearly everyone has realized that action along these lines is a necessity and has endorsed the commissioner's recommendation in this respect. While the government has every expectation of co-operation on the part of all responsible Canadian and United States union members and leaders and of all companies directly concerned, I do want to make it clear that should matters deteriorate on the great lakes or elsewhere, and it becomes necessary, parliament will be called back into session earlier than has been announced to deal with this matter.

In any event, sustained efforts will be maintained during our recess to see that co-operation with the United States authorities is developed to the fullest possible extent so that it will serve to supplement action taken by parliament. The interval may in fact prove useful not only to develop these supplementary lines of action but also to permit substitute action being taken should this prove to be equally effective in accomplishing the objectives of the legislation now being prepared.

I should add, Mr. Speaker, before concluding that the two special counsel, Mr. Robinette of Toronto and Mr. Martineau of Montreal, have already commenced their examination of the report of the inquiry commission and the accompanying exhibits and documents, and will be in a position to advise the government in due course with respect to prosecutions.

Hon. Michael Starr (Ontario): Mr. Speaker, we on this side of the house welcome the announcement that has been made by the Minister of Labour that the government has decided to put into effect by legislation the most important of the recommendations made by Mr. Justice Norris; that is, the recommendation to set up a trusteeship. I wish to say a few more words about that later.

First may I say that as minister of labour at the time this commission was set up I found it necessary, because of conditions existing on the great lakes, to take this action. We were very fortunate indeed to obtain the services of Mr. Justice Norris of British Columbia as the commissioner. Mr. Justice Norris did a wonderful piece of work in getting all the evidence after well over 100 meetings during the course of his investigation and in writing, as the Minister of Labour has stated, a very comprehensive report dealing, I might say, with a very serious situation which faced operations on the great lakes.

The interdepartmental committee which has been working since July 17 has certainly done a very effective job in its recommendations to the government, and it is well that the government has heeded the advice of Mr. Justice Norris and the interdepartmental committee in deciding to set up a trusteeship. I think this is advisable. I want to congratulate the Canadian Labour Congress and the other unions affiliated with them for their attitude in agreeing to operate under government trusteeship. Mind you, Mr. Speaker, as the Minister of Labour has said, it is distasteful to organized labour and very repugnant to them to be placed under trusteeship. Nevertheless I think the situation warrants this being done, but it should be on a very temporary basis. In other words the members of the trusteeship should work toward achieving a peaceful solution to the problem on the great lakes in as short a space of time as possible. Certainly it should not be a precedent for any case in the future unless the situation warrants it, as it did on the great lakes. I think it is very important that its duration be not too long, yet it should be sufficient to carry out the recommendations which have been made by Mr. Justice Norris.

I think another important aspect is the harassment of Canadian ships in United States ports. Since the government is willing to take decisive action through legislation, the United States government should be asked to take some more definite action in co-operation with the Canadian government in order to see that Canadian ships are able to put into United States ports and be loaded and unloaded without undue delay, which has not been the case with Canadian ships up to now, and as has not been the case with the Canadian ship now tied up in the port of Chicago.

The Minister of Labour mentioned that if the situation demands, or if there is any disruption on the great lakes between now and

the time the legislation is introduced, parliament may be recalled. I hope the government, and particularly the Minister of Labour and his department, will keep a very sharp lookout for such an eventuality and that they will do everything in their power to bring about a settlement; and I hope there will be no disruption of shipping on the great lakes between now and the time the legislation is enacted.

Mr. H. A. Olson (Medicine Hat): Mr. Speaker, on behalf of this party I want to say, as the Minister of Labour pointed out, that we also recognize that public opinion has clearly been stirred. We are happy to see the government is going to take what the minister termed resolute action, and we hope this action will be of a nature which will prevent a situation of this kind ever again developing within a labour union in Canada. We commend the four of five unions which have agreed to go into trusteeship in recognition of this problem. We hope the Minister of Justice will not overlook the responsibility that we feel his department has in perusing and following up the subject matter of the report regarding possible prosecutions which should be made; and furthermore we hope the Department of Justice will not overlook the alleged collusion between some shipping companies and the labour unions.

We too agree that this kind of action should not be considered as a precedent for curing labour problems, although we think it is necessary in this most extreme case. I listened carefully, but I do not think the Minister of Labour mentioned any effective date for the establishment of this trusteeship. However, if I understood his remarks correctly he would ask the government to call parliament back should the situation deteriorate to the point where action by parliament is necessary. All I want to say in this respect is that we in this group would be willing to co-operate with the government in this regard.

We also recognize the international problems which are involved, and we appreciate the difficulties here because of the tie between the union in Canada and the union in the United States. We hope that the government, as the hon. member for Ontario suggested, will take further steps to persuade the United States government to take action which will prevent this harassment of Canadian ships in United States ports.

Mr. T. C. Douglas (Burnaby-Coquitlam): Mr. Speaker, I think the Minister of Labour is to be commended for the statement he has just made regarding the action which the government proposes to take arising out of the report of the Norris commission. I think he is particularly to be commended for having consulted the Canadian Labour Congress, representing, as it does, the great bulk of the labour movement in this country; because the Canadian Labour Congress has been fully justified by the Norris report both in asking for the investigation in the first place and in the material which it submitted to the Norris commission in its brief presented last March. The fact that the minister has consulted with them and secured their co-operation will make it much easier to deal with this difficult situation.

This abnormal and disgraceful situation arose out of three factors. It arose out of a racketeering union, the seafarers international union, with the collusion of certain steamship companies, in particular the Canada Steamship Lines, which co-operated with Mr. Banks in breaking the laws of Canada. The third factor was the laxity of government administration. It was known the law was being broken, but no action was taken in this regard.

The proposal of Mr. Justice Norris for a trusteeship is something we normally would not support. Democratically elected, clean unions ought not to be put under government trusteeship. But the seafarers international union is not a democratic, clean union. The evidence which was presented by the Canadian Labour Congress and which is fully corroborated in the report of Mr. Justice Norris proves that the S.I.U. is a cancerous growth on labour unions and on the body politic. Therefore I think the government has no choice but to place this union under a trusteeship.

Fortunately the other unions, which were given a clean bill of health by Mr. Justice Norris, have indicated their willingness voluntarily to come under this trusteeship as the quickest means of dealing with an unfortunate situation, and I think they are to be congratulated on this attitude. However, I would say the government is to be commended on declining to proceed with general legislation. I do not think we could support general legislation giving the government power to bring any union under trusteeship. I think the government is wise to wait until it can bring down specific legislation dealing with a union which has proved to be racketeers and dealing with unions which are willing to come within the scope of this trusteeship.

I hope the government will also give consideration to the position of the companies which have compounded this felony, particularly the Canada Steamship Lines, for the part they have played in this unfortunate and disgraceful situation. I would also hope the government could make some progress toward getting the co-operation of the government of

the United States in dealing with the position of Canadian ships which are in United States ports. There is a ship called the *Red Wing* at the ore dock in Marquette, Michigan. I am told the railway to the dock has been dynamited in recent days. Another ship was fired upon when it approached port facilities. This is a situation which cannot be allowed to continue, and I hope the government will be able to bring pressure to bear on the government of the United States to see that Canadian ships and seamen are protected.

One other point should be kept in mind. What is to happen in the meantime to the union funds of the seafarers' international union? I am told Mr. Banks has already placed a levy of $50 each on all his members in order that he may be in a position to fight any action which might be taken arising out of the Norris report. These funds may be badly misused and mishandled prior to any legislative action being taken. I therefore say to the minister and to the government that if they get this legislation ready soon and it looks as though union funds are being misused, and the situation is becoming more serious, they should have no hesitation about calling parliament back into session for two or three days in order to protect the members of the unions and to protect the public interest of the people of Canada.

BUSINESS OF THE HOUSE

TABLING OF LIST OF OUTSTANDING ORDERS FOR RETURNS

Hon. J. W. Pickersgill (Secretary of State): I should like to table a list of outstanding orders for returns as requested yesterday by the Leader of the Opposition. It seems to me it might be a convenience to hon. members in checking up on the government if the house would agree to having this list made an appendix to today's *Hansard*.

Some hon. Members: Agreed.

[*Editor's note: for list above referred to, see appendix.*]

DIVORCE BILLS—CONSIDERATION LATER THIS DAY

Mr. Ian Grant Wahn (St. Paul's) moved:

That Bills Nos. SD-51 to SD-251 both inclusive considered by the standing committee on miscellaneous private bills and reported without amendment this day as its eighth report be placed on today's order paper after order No. 51 for consideration later this day by the house in committee of the whole.

Mr. Speaker: Is it the pleasure of the house to adopt the said motion?

Some hon. Members: Agreed.

PRIVATE BILL—CONSIDERATION LATER THIS DAY

Mr. J. H. Addison (York North) moved:

That Bill No. S-35, an act respecting the Crown Life Insurance Company, received from the Senate earlier this day, be placed on the order paper for second reading during the hour for private members' business later this day.

Motion agreed to.

DIVORCE

AUTHORIZATION FOR SENATE TO DISSOLVE OR ANNUL MARRIAGES

Mr. Eric A. Winkler (for Mr. Mandziuk) moved for leave to introduce Bill No. C-93, authorizing the Senate of Canada to dissolve or annul marriages.

Motion agreed to and bill read the first time.

Mr. Herridge: Is this the bill written by the Secretary of State?

Mr. Speaker: When shall said bill be read the second time?

Hon. J. W. Pickersgill (Secretary of State): I believe there is general agreement in the house that hon. members would be agreeable to having this bill taken for second reading as the first order of business after five o'clock, and if I correctly interpret the sentiments of the house I wonder if that could be so ordered.

Mr. Speaker: Is it the pleasure of the house to adopt the suggestion of the Secretary of State?

Some hon. Members: Agreed.

CURRENCY, MINT AND EXCHANGE FUND ACT

AUTHORIZATION TO PURCHASE SECURITIES OF INTERNATIONAL MONETARY FUND

Hon. Walter L. Gordon (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 Currency, Mint and Exchange Fund Act to authorize the Minister of Finance to purchase out of the exchange fund account maintained under the act, securities of the international monetary fund.

Motion agreed to.

NATIONAL DEFENCE

NUCLEAR WARHEADS—SIGNING OF AGREEMENT WITH UNITED STATES

On the orders of the day:

Right Hon. J. G. Diefenbaker (Leader of the Opposition): Mr. Speaker, in view of the approach of the end of this portion of the

session, could the Prime Minister enlighten the house and the country as to the present position regarding agreement on nuclear weapons with the United States, and the reason for the delay?

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, negotiations are still going on. There is no unusual delay. A draft is now before the cabinet, and in view of the importance of the negotiations and the importance of any agreement which may come from them I think the government should be given adequate time to consider it.

Mr. Diefenbaker: Mr. Speaker, would the Prime Minister be in a position to say approximately when the cabinet will determine this question, inasmuch as it was stated some weeks ago during the campaign that six weeks would be the time within which agreement would be reached?

Mr. Pearson: Mr. Speaker, I would hope negotiations would be completed within a few weeks. After all, as the right hon. gentleman realizes, negotiations on this matter are difficult and complicated. Indeed, they were begun by the previous government three years ago. But I do hope they will be completed, and satisfactorily completed, within a week or two.

Hon. Marcel Lambert (Edmonton West): A supplementary question, Mr. Speaker. I take it the Prime Minister would not now share the view expressed by his colleague the Minister of National Defence on the day he was sworn in, that this would be a matter of about a month?

[*Later:*]

Mr. E. Nasserden (Rosthern): Mr. Speaker, I should like to direct a question to the Prime Minister supplementary to the one he was asked earlier. Should an agreement be reached with the United States regarding the acquisition of nuclear arms, will that agreement be presented to parliament prior to signing?

Mr. Pearson: No, Mr. Speaker. It would not necessarily be presented to parliament because it would be an act of the executive, but it would be discussed in parliament.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, I have a supplementary question for the Minister of Justice. Is the report correct that the minister made a speech on a French network the other night saying that the signing of the three power test ban treaty would make a difference to the acquisition of nuclear arms by Canada?

Hon. Lionel Chevrier (Minister of Justice): Mr. Speaker, I do not accept the statement nor the preamble to the question asked by an hon. member yesterday in connection with this matter. In view of the question asked yesterday I asked for the tape recording. I found there was not one available immediately, but to be exact this is what I said over the network in a press conference that lasted about an hour, in which I and two other ministers took part:

(Translation):

"...that I ascertained that the former administration had committed itself to equip our weapons with nuclear warheads; second, that we were negotiating an agreement with the United States on nuclear arms and that we had every intention of carrying it through; and finally that the Prime Minister, during the election campaign, had said that we would implement our commitments, but that should conditions change, it could become advisable to amend such commitments." And that I never said anything contrary to the statements of the Prime Minister.

(Text):

Mr. Gilles Gregoire (Lapointe): I have a supplementary question.

(Translation):

Is the Minister of Justice saying that, in the case of a controversial program like that one, the station has not kept the recording either on video-tape or on magnetic tape?

Mr. Chevrier: Well, Mr. Speaker, I am not responsible for what the station does. All I can say is, that for that conference they used an entirely new technique and system; it is quite possible that under those circumstances, the recording of this conference has not been kept.

(Text):

Mr. Gregoire: I have a supplementary question for the Secretary of State. Is there not a rule or regulation of the B.B.G. that all stations should keep recordings of broadcasts of this kind for one year?

Hon. J. W. Pickersgill (Secretary of State): Mr. Speaker, I would very much hesitate to reproduce the law from memory, much less give a legal opinion. I will inquire of the B.B.G. and give an answer.

Mr. T. C. Douglas (Burnaby-Coquitlam): In view of the fact that the signing of a nuclear arms agreement within the United States is of such far reaching importance, and in view of the changed situation since the matter was discussed in the speech from the throne debate, does the Prime Minister not think it would be incumbent on the government to submit this matter to parliament?

Mr. Pearson: The house had a chance to debate this matter, and I think did debate

it for four or five days, and a decision was taken by the house at that time.

Mr. Douglas: The position has changed considerably since then.

(Translation):

Hon. Theogene Ricard (St. Hyacinthe-Bagot): Mr. Speaker, I have a supplementary question for the Minister of Justice.

Could the minister tell the house at what date was an agreement on nuclear weapons signed by the former government?

Hon. Lionel Chevrier (Minister of Justice): Mr. Speaker, the hon. member for St. Hyacinthe-Bagot should direct that question to his former prime minister. As for me, what I said, and I repeat, is that I personally ascertained whether an agreement has been signed, by which Canada had undertaken to fulfil certain specific engagements, namely to fit its weapons with nuclear warheads.

(Text):

Mr. Diefenbaker: That is not true.

(Translation):

Mr. Gregoire: Mr. Speaker, I should like to direct a question to the Minister of Justice. Can he tell the house whether he has made inquiries regarding the recording of his television broadcast made a few days ago and if so, from what television station did he inquire?

Mr. Chevrier: Mr. Speaker, I have inquired from the person who had invited me to take part in the program.

(Text):

BOBCAT PERSONNEL CARRIERS—COMPLETION OF DEVELOPMENT RUN

On the orders of the day:

Hon. D. S. Harkness (Calgary North): Mr. Speaker, I wish to direct a question to the Minister of National Defence. Can the minister inform the house whether the development run of 20 Bobcat armoured personnel carriers for the army has been completed? If not, when is it anticipated that the development run will be completed?

Hon. Paul Hellyer (Minister of National Defence): It has not yet been completed, Mr. Speaker. At the moment we are looking into the reason it has not, in order to determine what action should be taken in future.

(Translation):

NORTHERN AFFAIRS

QUEBEC—ADMINISTRATION OF ESKIMO AFFAIRS

On the orders of the day:

Mr. L. J. Pigeon (Joliette-L'Assomption-Montcalm): Mr. Speaker, may I ask the Minister of Citizenship and Immigration a question? Has the minister read the statement by Mr. Eric Gourdeau of the Quebec government, who charged the Minister of Citizenship and Immigration and the Minister of Northern Affairs and National Resources with insincerity and accused them of having delayed the meeting between the two parties in regard to the transfer of Eskimo affairs to the Quebec administration?

Hon. Guy Favreau (Minister of Citizenship and Immigration): Mr. Speaker, I must say that I was informed this morning of the statement made by that provincial official, Mr. Gourdeau, and that I was amazed that in the absence of the minister, Mr. Levesque, that civil servant should take the liberty to criticize, on behalf of the provincial government, the attitude of two federal ministers.

In regard to the statement that the federal government unduly and unfairly delayed the negotiations concerning the transfer of the Eskimo affairs administration, I think it would be interesting for all the members of this house to know that it concerns both the present and the previous governments and that they both are in the same situation.

In 1935, it was the province of Quebec itself which asked the Supreme Court of Canada to state that the responsibilities for Eskimo affairs should rest, not with the province of Quebec, but exclusively with the federal government. The decision was made in 1939, so that was 24 years ago. Now, suddenly, it was decided this year that the province should take over Eskimo affairs.

We could have quite a discussion on the matter and I respect everyone's opinion, but I must say that before the federal government, or rather before the minister of northern affairs and myself should recommend to the government to abdicate its responsibilities in matters concerning the Eskimos 24 years after the decision made by the supreme court and during which period we assumed responsibility in the matter, we must be entirely satisfied that it would be in the interest of the Eskimos and that all facilities would be made available to them. Then, and only then will the recommendation be made.

It should be noted that at a time when parliament was extremely busy, a meeting was held on June 26; discussions were held under friendly conditions, and we offered to meet the minister of natural resources during our holidays; therefore, it is unfair for a provincial official to accuse us, on behalf of his government, of delaying the negotiations. After all, a month's delay compared to 24 years is very little.

So, it is no exaggeration to state here that the minister of northern affairs and myself are still at the disposal of the provincial minister, but not necessarily at the disposal of Mr. Gourdeau, in order to set the date for a meeting as soon as possible.

I may add that I did not know Mr. Rene Levesque had delegated his powers to Mr. Gourdeau and that he had not informed me that a summit conference was to be held between two federal ministers and a provincial official.

Hon. Paul Martineau (Pontiac-Temiscamingue): In view of the elaborate explanation given by the minister, could he simply tell us whether this matter of transfer of jurisdiction in the administration of affairs relating to New Quebec Eskimos has been submitted to the cabinet?

Mr. Favreau: I answered earlier that the cabinet had appointed the minister of northern affairs and myself to discuss with provincial ministers their claims in that connection. We held discussions and shall continue to do so with a completely open mind. If both of us reach the conclusion that it would serve the best interests of the Eskimos, a recommendation will be made to the cabinet, but it will not be before we have ascertained that point and before the provinces have submitted all the arguments enabling us to decide this transfer, but there will be no surrender of our responsibilities in the matter.

Mr. Pigeon: In view of the statement of the minister, is the federal government—

(Text):

Mr. Speaker: Order, please. The hon. member for Lapointe has the floor.

Mr. D. M. Fisher (Port Arthur): Mr. Speaker, mine is a supplementary question to the Prime Minister. In view of the nature of the problem and the very able reply by the Minister of Citizenship and Immigration, is there any possibility that this matter could come within the terms of reference of the royal commission on biculturalism, since it is a problem of biculturalism as much as it is one of jurisdiction?

Right Hon. L. B. Pearson (Prime Minister): I will be glad to look into that, Mr. Speaker.

(Translation):

Mr. Pigeon: I rise on a question of privilege. Mr. Speaker, you decided against allowing a supplementary question, while you authorized the hon. member for Port Arthur (Mr. Fisher) to put a question on the same subject.

Hon. Theogene Ricard (St. Hyacinthe-Bagot): Mr. Speaker, I should like to ask the Minister of Citizenship and Immigration (Mr. Favreau) whether he approves or disapproves of the stand taken by the minister of natural resources in his statements concerning northern Quebec.

Mr. Favreau: As I said earlier, the Supreme Court of Canada has entrusted the responsibility for the welfare and education of Eskimos to the federal government, which will assume such responsibility until we are given clear indication that this transfer is in the best interests of the Eskimos and we are in a position to reach a sound decision in that respect.

(Text):

Mr. G. W. Baldwin (Peace River): Mr. Speaker, I should like to ask the minister a supplementary question. As a result of his reading of the judgment is it his opinion that this is a matter which can be decided by executive action on the part of the government, or must the matter be submitted to parliament?

Mr. Favreau: Mr. Speaker, I am afraid I cannot answer that question. I have my own opinion, but I am afraid the question is seeking a legal opinion from a minister who is not the Minister of Justice.

Mr. Baldwin: Then I ask the Minister of Justice, Mr. Speaker.

Mr. Speaker: Are there any other supplementary questions?

Mr. T. C. Douglas (Burnaby-Coquitlam): May I ask the minister if anyone has thought of asking the Eskimos under whose jurisdiction they would like to come, rather than moving them about like pawns on a chessboard? Probably they would have something to say about what jurisdiction they would like to come within.

Mr. Speaker: Has the hon. member for Joliette-L'Assomption-Montcalm a question to ask?

Mr. Pigeon: Yes, Mr. Speaker.

(Translation):

In the absence of the Minister of Northern Affairs and National Resources, I should like to direct a question to his parliamentary secretary. Could he tell us if the minister intends to do something about the shameful conditions in which the Eskimos of New Quebec have to live, according to Mr. David Eccles of Toronto?

Mr. John N. Turner (Parliamentary Secretary to Minister of Northern Affairs and National Resources): Mr. Speaker, for the information of the hon. member, I wish to say that I have read the article in *Le Droit* and that Mr. Eccles has met with officials of the department on two occasions. Furthermore, I saw the movie yesterday and I discussed the matter with Mr. Eccles. I think I can say on behalf of the minister that an investigation has been ordered in that connection. Mr. Eccles has also been asked to submit an abridged version of his allegations.

NATIONAL BATTLEFIELDS COMMISSION—APPOINTMENT TO STAFF

On the orders of the day:

Mr. Jean-Charles Cantin (Parliamentary Secretary to Minister of Transport): Mr. Speaker, in the absence of the Minister of Northern Affairs and National Resources, could his parliamentary secretary tell us whether the staff of the national battlefields commission will soon be complete?

Mr. John N. Turner (Parliamentary Secretary to Minister of Northern Affairs and National Resources): Mr. Speaker, in answer to the member for Quebec South, I am pleased to announce, on behalf of the Minister of Northern Affairs and National Resources, that the governor in council appointed yesterday Mr. Jean Leahy, Q.C., from the city of Quebec, to replace the late Mr. James Murdoch on the national battlefields commission. Mr. Leahy is 38 years old, perfectly bilingual and apart from being an active member of the bar, he teaches civil law at the University of Montreal.

(Text):

I am sure that Mr. Leahy will make a valuable contribution to the commission.

SASKATCHEWAN—EXTENSION OF ROADS TO RESOURCES PROGRAM

On the orders of the day:

Mr. S. J. Korchinski (Mackenzie): Mr. Speaker, I have a question for the Minister of Northern Affairs and National Resources but in his absence I would direct it to his parliamentary secretary, who has been able to handle some of the questions here today. If he cannot answer it perhaps he will take it as notice. Has the Minister of Northern Affairs and National Resources had discussions with the minister of natural resources in the province of Saskatchewan in relation to the extension of the roads to resources program? If so, what was the nature and what were the results of the discussions?

Inquiries of the Ministry

Mr. John N. Turner (Parliamentary Secretary to Minister of Northern Affairs and National Resources): Mr. Speaker, the Minister of Northern Affairs and National Resources has indeed had conversations with the provincial minister, Mr. Kramer. The subject of the discussions had to do with the possibility of a future joint program. I do not think I can add anything more at the moment.

PUBLIC SERVICE

SUPERANNUATED FEDERAL EMPLOYEES—REQUEST FOR INCREASED PENSIONS

On the orders of the day:

Mr. A. B. Patterson (Fraser Valley): Mr. Speaker, I should like to direct a question to the Minister of Finance. Can the minister advise the house as to the government's response to the request made in a brief by the civil service federation of Canada for an upward revision of superannuation allowances paid retired civil servants who retired prior to 1958?

Hon. Walter L. Gordon (Minister of Finance): The hon. member was kind enough to give me notice of his question. I should like to inform him that I have written to the president of the civil service federation of Canada advising him that the government has this matter under careful study.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, may I ask a supplementary question. Will consideration be given to introducing legislation to amend the Public Service Pension Adjustment Act before the end of this session?

Mr. Gordon: Mr. Speaker, I have just said the matter is under study. I presume that when the study is completed that question can be considered.

AIRPORTS

EDMONTON—REQUEST FOR STATEMENT RESPECTING DEPARTMENTAL FACILITIES

On the orders of the day:

Hon. Marcel Lambert (Edmonton West): May I address a question to the Minister of Transport. In doing so I would say that normally I would not ask this question at this time, but in the light of the approaching adjournment I seek the information because it is urgent. As the result of a meeting of the minister, the mayor of the city of Edmonton and other representatives, as well as other representations which have been made to him with regard to the future of Edmonton's municipal airport, has the minister arrived at a decision in respect of the department's facilities at that airport and its continued use as an industrial airport?

Inquiries of the Ministry

Hon. G. J. McIlraith (Minister of Transport): Mr. Speaker, the decision regarding the continued use of the airport rests entirely within the control of the city of Edmonton. I have, however, since the interview referred to by the hon. member, communicated to the mayor my view that since the new Edmonton international airport is fully capable of taking care of the aviation requirements of the area so far as we can see, we believe that the city should be prepared to assume financial responsibility for such federal aviation services as the city may require to be continued at the municipal airport. I have also informed the mayor that because of the capacity of the international airport, the size of which was increased during the construction period, I see no need to hold the city to its earlier commitment that it maintain a secondary airport.

TRANSPORT

RAILWAY PASSES FOR MEMBERS OF PARLIAMENTARY PRESS GALLERY

On the orders of the day:

Mr. Gilles Gregoire (Lapointe): I should like to address a question to the Minister of Transport. Will the minister consider the advisability of restoring to members of the parliamentary press galley in Ottawa their railway passes which were taken from them by the previous government?

Hon. G. J. McIlraith (Minister of Transport): Mr. Speaker, I am not aware of what the previous government did in this connection. In any event, I will take the question under advisement. I am rather of the impression that the Minister of Transport has no such authority as that implied in the question.

POWER

COLUMBIA RIVER—LEGALITY OF AGREEMENT ON DOWNSTREAM BENEFITS

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): I wish to address a question to the Secretary of State for External Affairs, I think my last question before he goes on tour. Will the minister inform the house if in his opinion, and in the light of all the circumstances, the British Columbia hydro authority can now sign a contract with any United States power authority with regard to the price to be paid for the Columbia river treaty downstream benefits?

Hon. Paul Martin (Secretary of State for External Affairs): I do not know what the United States power authority is, to which my hon. friend is referring. There are a number of agencies and utilities, both private and public, in the Pacific northwest, but none by that name so far as I can find out. The actual parties to any agreement for the sale of Columbia river downstream benefits will have to be decided upon when and if a satisfactory agreement with the United States has been worked out.

Mr. Gilles Gregoire (Lapointe): May I ask a supplementary question. Has the minister accepted the invitation from the hon. member for Kootenay West?

Mr. Martin (Essex East): The hon. member for Kootenay West has not given me the particulars, which would have to be carefully considered.

VETERANS AFFAIRS

INQUIRY AS TO PENSION ENTITLEMENT OF SERGEANT MAJOR LEJA

On the orders of the day:

Mr. Edmund Asselin (Notre Dame de Grace): I should like to address a question to the Minister of Veterans Affairs. Having regard to the recent F.L.Q. bombing incident in the Montreal area which resulted in the near fatal wounding and permanent disability of Sergeant Major Leja of the third field regiment, Royal Canadian Engineers, can the Minister of Veterans Affairs say whether he has given any consideration to granting a pension to this brave Canadian officer and, if so, will he inform the house of any decision taken?

Hon. Roger Teillet (Minister of Veterans Affairs): I am grateful to the hon. gentleman for giving me the opportunity to convey to the house information in which it was keenly interested some weeks ago when the hon. member for Kootenay West asked a question about Sergeant Major Leja. I should like to point out to the hon. gentleman who asked the question that of course decisions on pensions are not taken by the minister. He has no such authority.

However, I am informed by the pension commission that Sergeant Major Leja is now in receipt of 100 per cent pension. Upon his release from the hospital his case will be considered for supplementary allowances for disability. The chairman of the Canadian pension commission expects to have a report on this matter for consideration shortly. In addition I should like to inform the house that I had the opportunity of seeing the sergeant major in hospital last week. Although I was not able to speak with him, I can report to the house that his progress is as satisfactory as can be expected under the circumstances.

Hon. Gordon Churchill (Winnipeg South Centre): May I ask a supplementary question. Can the minister inform the house under what section of the act this commendable action of the pension commission was taken?

Mr. Teillet: I would have to check back to answer that. The information I have from the commission is as I have stated.

[*Later:*]

Mr. Teillet: Mr. Speaker, I now have the information requested by the hon. member for Winnipeg South Centre. That was done under section 13, subsection 2, which I understand is the section that deals with peacetime service pensions.

FINANCE

REPORTED ACQUISITION BY U.S. FIRM OF INTEREST IN CANADIAN BANK

On the orders of the day:

Mr. Colin Cameron (Nanaimo-Cowichan-The Islands): I have a question for the Minister of Finance, based on a report that appeared in this morning's Montreal *Gazette* to the effect that a New York bank is preparing to acquire a 50 per cent interest in a Canadian bank. My question is this. Can the minister tell the house whether the governor in council has approved this purchase as required by section 102 of the Bank Act?

Hon. Walter L. Gordon (Minister of Finance): Mr. Speaker, the government is giving most careful consideration to this matter with a view to determining what may be best in the national interest. It has not approved the transaction and I am not at all sure this matter is subject to approval by the governor in council.

(Translation):

HEALTH AND WELFARE

FAMILY ALLOWANCES—REQUEST FOR INCREASED PAYMENTS

On the orders of the day:

Mr. Henri Latulippe (Compton-Frontenac): Mr. Speaker, I should like to direct a question to the Minister of National Health and Welfare. Could she tell the house why she cannot increase family allowances, in the same way it has been possible to raise the salaries of a great number of people who were paid enough already?

(Text):

FISHERIES

NORTH PACIFIC CONVENTION—DISCUSSIONS RESPECTING TREATY RENEWAL

On the orders of the day:

Inquiries of the Ministry

Mr. Barry Mather (New Westminster): Mr. Speaker, I wish to direct a question to the Minister of Fisheries. Can the minister report anything in respect to the North Pacific fisheries treaty discussions involving Canada, the United States and Japan, and can he say when and where these discussions will resume? Also, if he is replying might he say a word on a related subject, namely the negotiations in the British Columbia fishing strike?

Hon. H. J. Robichaud (Minister of Fisheries): Mr. Speaker, as I reported to the house on June 24 a series of meetings among Canada, Japan, and the United States to study the renegotiation of the North Pacific treaty were adjourned on June 21. It is now proposed to resume negotiations in Tokyo, and the date suggested is September 16.

BRITISH COLUMBIA—REQUEST FOR SUPPORT PRICE FOR PINK SALMON

On the orders of the day:

Hon. H. J. Robichaud (Minister of Fisheries): Mr. Speaker, yesterday the hon. member for Comox-Alberni asked the following question:

Will the minister indicate whether the government will consider directing the fisheries prices support board to take action—

—in connection with the sale of 500,000 cases of pink salmon carried over from last year. I wish to inform the house that this matter has been taken into consideration by the fisheries prices support board, but no decision has been arrived at as yet.

LABOUR RELATIONS

BRITISH COLUMBIA FISHERMEN'S STRIKE—INQUIRY AS TO ARBITRATION

On the orders of the day:

Hon. H. J. Robichaud (Minister of Fisheries): Mr. Speaker, I wish to reply to two questions which were asked yesterday in my absence and of which notice was taken by the Secretary of State. The hon. member for New Westminster, referring to the provincial-federal arbitrator in the British Columbia fishing dispute, asked whether the arbitration—

—will proceed under provincial or federal arbitration legislation, also what will be the powers and terms of reference of the arbitrator?

I wish to inform the house that the arbitration will proceed under provincial legislation. So far as the terms of reference are concerned, as it is voluntary arbitration the terms must be arrived at by the two parties, the union and the association. I am also informed that two meetings were held yesterday, and I understand they are again meeting today to try to come to agreement regarding the terms of reference.

Inquiries of the Ministry

(Translation):

POSTAL SERVICE

INQUIRY AS TO TWO DAILY MAIL DELIVERIES

On the orders of the day:

Mr. Remi Paul (Berthier-Maskinonge-Delanaudiere): Mr. Speaker, may I put a question to the distinguished Postmaster General?

Does he intend to make a personal investigation, when the house is adjourned, on the possibility of a twice-a-day mail delivery starting next fall?

Hon. Azellus Denis (Postmaster General): Mr. Speaker, I do not think that such an investigation will be necessary, because we have not received any complaint about the present mail service.

(Text):

NATIONAL REVENUE

COLLECTION OF INCOME TAX FROM B.C. ELECTRIC COMPANY

On the orders of the day:

Mr. Grant Deachman (Vancouver Quadra): Mr. Speaker, I have a question for the Minister of National Revenue. Now that the expropriation of the B.C. Electric by the government of British Columbia has been invalidated by the courts, will his department collect income tax from August 1, 1961, the date when the company was expropriated? Moreover, will the department, if necessary, use the delinquency sections of the Income Tax Act to seize the assets of that company against delinquency in taxes?

Hon. J. R. Garland (Minister of National Revenue): I wonder if I might take that question as notice.

INDUSTRY

URANIUM—INQUIRY AS TO STOCKPILING

On the orders of the day:

Mr. G. H. Aiken (Parry Sound-Muskoka): Mr. Speaker, I have a question for the Prime Minister. Can he advise the house whether the details of the plan for the stockpiling of uranium have been worked out?

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, a supplementary estimate covering this matter will be before the house before the recess, and this question can be discussed then.

TRADE AND COMMERCE

POSSIBLE ADJUSTMENT OF RESULTS OF INVESTMENT SURVEY

On the orders of the day:

Hon. Paul Martineau (Pontiac-Temiscamingue): Mr. Speaker, I have a question for the Minister of Trade and Commerce. Has the minister made, or does he expect to have made, any adjustment in the investment survey which he tabled in the house earlier this week, in view of announced intentions by companies to curtail or change their spending plans as a result of the June 13 budget and subsequent events?

Hon. Mitchell Sharp (Minister of Trade and Commerce): Mr. Speaker, as the hon. gentleman is well aware this report, that was released yesterday, has been published at this time every year for many, many years, and the minister has nothing to do with the report except to publish it.

In response to the second part of the question, before the report was published I asked my officials when the information was gathered, and they told me that most of it was gathered just before the budget was presented and, of course, all the forms were in before the subsequent amendments to the budget resolutions were announced. I then asked my officials what they thought the effect upon these expectations would be of the budget and the subsequent amendments. In their opinion, for that one cause—of course there may be any number of other causes that affect these figures—on account of the budget itself they felt the effect would be to stimulate investment.

Some hon. Members: Oh, oh.

Mr. Martineau: Mr. Speaker, I wonder whether, in view of the minister's answer he can make any comment particularly in regard to the statement contained in this morning's *Gazette* that capital spending may be curtailed by as much as $250 million because of the budget and the interest equalization proposal of President Kennedy.

Mr. Sharp: Mr. Speaker, I was referring only to the budget itself, and I was quite specific about that. I think the effect of the budget proposals that are before the house or have been before the house will be to speed up investment. There are other factors at work, but I am not commenting on those.

(Translation):

CANADIAN NATIONAL RAILWAYS

MANSEAU, QUE.—IMPROVEMENT OF LEVEL CROSSING

On the orders of the day:

Mr. Auguste Choquette (Lotbiniere): Mr. Speaker, I should like to direct to the Minister of Transport a question arising from a resolution passed by the municipal corporation of the village of Manseau, whose mayor is Mr. Maurice Savoie, and which has been sent to me with a request that I secure the

necessary information. Is the Minister of Transport aware of the request sent by the Quebec department of highways to the board of transport commissioners, asking the widening of the level crossing in the village of Manseau and the moving of the signals there?

Mr. Jean-Charles Cantin (Parliamentary Secretary to Minister of Transport): Mr. Speaker, as the minister is absent momentarily, I take as notice the hon. member's question.

(Text):

OLD AGE SECURITY

INQUIRY AS TO EFFECTIVE DATE OF INCREASED PENSION

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, may I direct a question to the Prime Minister. In case the house recesses tomorrow night, would the Prime Minister be in a position tomorrow to give a further answer to my question of two days ago? I asked him whether the government would consider making an announcement before the recess as to the effective date of the proposed $10 increase in the old age security pension. The Prime Minister will recall that he said on Wednesday the government would consider the matter.

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, I hope the effective date will be as early as possible, but of course it will depend on the date on which the legislation passes this house. I hope that will be as soon as possible.

GRAIN

WHEAT—INQUIRY AS TO PAYMENT OF $2 PER BUSHEL

On the orders of the day:

Right Hon. J. G. Diefenbaker (Leader of the Opposition): Mr. Speaker, in view of the hope expressed by the hon. member for Winnipeg North Centre that this part of the session will adjourn tomorrow, I would like to ask the Prime Minister whether the government has made a determination on the question of providing $2 a bushel as a minimum price for the farmers' wheat. That was a promise made by his party. At the same time he might tell the house, if the answer is in the negative, whether this is a present day application of the 5 cent speech, and that because the west did not return Liberal members the promise is not going to be carried out.

Economic Council of Canada

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, the first and last part of the right hon. gentleman's speech make it unnecessary to answer the middle part.

ECONOMIC COUNCIL OF CANADA

PROVISION FOR ESTABLISHMENT AND DEFINITION OF DUTIES

The house resumed, from Wednesday, July 31, consideration in committee of Bill No. C-72, to provide for the establishment of an economic council of Canada—Mr. Lamontagne —Mr. Lamoureux in the chair.

On clause 10—*Initiation of studies, etc.*

Mr. Lambert: In connection with this clause, Mr. Chairman, I would like to ask the minister whether within the powers or the duties of the council to initiate such studies, inquiries and other undertakings as may be necessary in order to arrive at the conclusions envisaged by the duties of the council it is in the contemplation of the government that there will be a proliferation of information bulletins or forms that will have to be filled in by business from one end of the country to the other. Also, what degree of co-operation do they anticipate from business concerns in this regard? In the event that the information should not be obtainable, what steps would be taken in order to obtain it? I know there are provisions for compulsion on behalf of the dominion bureau of statistics under the Statistics Act, and in many cases these returns cost business firms quite some expense. Are we going to have another series of forms to fill out, or will the council rely as much as possible or in the main on information already in the hands of the dominion bureau of statistics?

Mr. Lamontagne: That would certainly be my understanding.

Mr. Lambert: Is it the intention to initiate new inquiries on the business basis, and also to reinforce these inquiries with some legal teeth?

Mr. Lamontagne: There is no provision in this bill, Mr. Chairman, to force companies or individuals to answer a questionnaire sent out by the proposed economic council.

Mr. Lambert: I wonder whether in relation to clause 14 there might be power already there under the regulations. The clause says:

> The council may, subject to the approval of the governor in council, make bylaws for the regulation of its proceedings and generally for the conduct of its activities—

Therein there might be interpreted the opportunity for instituting such proceedings.

Mr. Lamontagne: I do not think this power to make regulations would include the power to force individual firms to answer questionnaires sent out by the council. It seems to me that we would need a definite provision in this bill, which is not there.

Mr. Patterson: Mr. Chairman, there are two matters in this clause to which I should like to call attention. The first sentence says that the council "shall initiate such studies", and so on. It seems to me this is rather restrictive, and that consideration should be given to broadening this term. To leave the entire responsibility with the council might in some way limit the purpose and objective of the measure, and I wonder whether the minister would therefore give consideration to broadening this wording so as to allow for suggestions from other sources.

Mr. Lamontagne: Mr. Chairman, I am quite willing to do this, and my colleague the Minister of Citizenship and Immigration will propose an amendment to clause 10 which I think will meet the hon. member's request.

Mr. Favreau: Mr. Chairman, this is one of the matters which have been discussed with and considered by the President of the Privy Council. I move:

That clause 10 of Bill C-72 be amended by striking out lines 4 to 7 on page four and substituting therefor the following:

"10. The council shall on its own initiative, or if directed by the minister, conduct such studies, inquiries and other undertakings as may be necessary with respect to any matter coming within paragraphs (a) to (k) of section 9 or with respect to any other matter or".

This would give the minister a clear right to direct studies and inquiries as well as any other undertakings to be carried out by the council itself.

The Chairman: Shall the amendment carry?

Mr. Fairweather: Mr. Chairman, I wonder whether the President of the Privy Council could deal with one matter. There was an editorial in yesterday's *Globe and Mail* on a matter of growing concern in this country with regard to the movement of a company from one area to another, with resultant loss of jobs and so forth. Is this situation within the contemplation of either clause 9 or clause 10? Although we would not want to think the council would direct a company not to do this, it should at least, before such a move did take place or after it was announced, obtain some help or suggestions to eliminate the possibility of people being thrown out of work in a ruthless manner.

Mr. Lamontagne: Mr. Chairman, I think such problems could be investigated by the council. If we go back to clause 9, which was approved yesterday, paragraphs (f) and (h) would, I think, cover the point made by the hon. member.

Amendment agreed to.

The Chairman: Shall the clause as amended carry?

Mr. Patterson: Mr. Chairman, I mentioned that there were two or three matters to which I should like to refer today. With the passage of the amendment last evening I think there will have to be a renumbering or relettering of this particular clause.

Mr. Lamontagne: This has been provided for in the amendment proposed by my colleague. Instead of paragraph (j) in clause 10 we refer to (k). I think this meets the point raised by the hon. member.

Mr. Patterson: Fine. Just one other matter. The clause states that the council shall report to the minister as circumstances require. I think this is an important consideration, because we raised the question whether it was proper that only the minister should receive the recommendations or advice of this council. I believe it would be of value if these reports were available to others as well, such as management and labour. If reports are made only to the government it would take away the incentive toward co-operation of labour and management.

I should like to call attention to an article with regard to this matter which appeared in the *Globe and Mail* of Tuesday, June 11, 1963 entitled "Limit independence of economic council". I should like to read just a brief section:

Unlike the board, the council has no authority to publish certain special studies without the consent of the minister.

The one new feature in the bill relating to this question is laid down in these words: "The council shall, annually prepare and cause to be published a review of medium and long term economic prospects and problems."

—the council could well consider its freedom is sharply circumscribed by the lengthy list of subjects on which it is directed to report only to the government.

I should just like to refer back to clause 9, in which it is stated it is essential to encourage the maximum consultation and co-operation with labour and management. It seems to me that to accomplish this it would be essential for those bodies to have access to the recommendations of the council. There appeared in the *Globe and Mail* of Friday, July 26, an article by Ronald Anderson in which it is stated:

We think it is essential that the body should not be inhibited from studies of controversial economic policy problems, that this work be published, and that the government not assume responsibility for the findings.

The function of the advisory council would be to establish better communication between government, economic experts and economic interest groups, and to achieve a public consensus on national economic objectives.

Mr. Lamontagne: I would draw the attention of the hon. member to another clause in the bill, namely clause 21, which deals with reports and publications. When we come to that clause I shall wish, incidentally, to propose a change. So I suggest we might postpone discussion of the matter raised by the hon. member until we reach clause 21.

Mr. Patterson: There is another matter. I think the hon. member for Edmonton West referred to it, namely whether the council is to be given the power, for the purpose of making its inquiries, of a commission under section 1 of the Inquiries Act. It seems a situation could conceivably arise in which powers of this kind would be necessary if full information were to be obtained. I wonder if the minister would give consideration to this point also; otherwise the effectiveness of the council might be limited.

Mr. Lamontagne: This a legal point, and I would ask my colleague the Minister of Citizenship and Immigration to comment on it.

Mr. Favreau: This point has been discussed with the advisers of the Department of Justice. As far as we are concerned, they have satisfied us that it is not necessary to do as the hon. member has suggested, because—and this is just a matter of drafting—this is clearly covered by sections 2 and 3 of the Inquiries Act. We may all rely on the fact that whenever the governor in council, who is the authority to deal with matters under the Inquiries Act, would so state, then the direction would be tantamount to and exactly in the nature of a direction under the Inquiries Act, so any such provision as the hon. member suggests would be surplusage. However, I agree with the hon. gentleman that this was a good question to bring up because it was one of the matters which had to be considered.

Mr. Patterson: The purpose will be served?

Mr. Favreau: Yes.

Clause as amended agreed to.

On clause 11—*Powers of governor in council.*

(Translation):

Mr. Pigeon: Mr. Chairman, I consider subparagraph (iv) of section 11, paragraph (1) most dangerous in respect of provincial rights. Knowing that the minister is an autonomist, and we will indeed see, when I submit my amendment, whether the minister is really in good faith and if he will amend the statements he made in the past and the action he took against provincial sovereignty, by welcoming my amendment to protect provincial rights and prevent the federal government from taking advantage of this council to intrude once again in provincial affairs by virtue of subparagraph (iv) which I quote:

The use of training programs at all levels of industry, and the use of retraining programs to meet changing manpower requirements.

If, as the minister said yesterday, he consulted with the provincial premiers, not formally but in semi-official meetings, and more particularly with the premier of the province of Quebec, I am convinced that the minister can tell us that if the premiers of Quebec and of the other provinces have read that section, they certainly did protest, and more particularly the premier of Quebec, because that section means interference in provincial jurisdiction. Now, we, on this side of the house, want the minister to tell us: "We do not want any interference in fields under provincial jurisdiction". We want the minister to prove it, and that is why I submit that subparagraph (iv) be amended by adding the following text after the word "requirements":

But that any program within this section shall be limited to matters of federal jurisdiction—

I should like the minister to add that to subparagraph (iv). If he is sincere and really wants to protect the rights and sovereignty of the provinces, I think he will accept that amendment willingly and be grateful to the opposition for proposing it.

Mr. Lamontagne: Mr. Chairman, I find it rather strange to hear the hon. member attack somewhat violently that particular clause since it was taken almost word for word from section 10 of the National Productivity Council Act which was put forward in this house by the hon. member's own party when it was in power.

Such a change of heart is coming a bit late.

Mr. Pigeon: Mr. Chairman, may I point out to the minister that we had prepared an amendment to correct that situation.

The Chairman: Order. The hon. member will kindly allow me to put the amendment.

(Text):

I assume that this is proposed as an amendment to clause 11.

Economic Council of Canada

(Translation):

Mr. Lamontagne: I therefore think that the hon. member's attitude is rather inconsistent, when he wants us to do something which he himself did not approve when the National Productivity Council Act was passed by the house.

But, in order to comment on the proposed amendment more directly, I am of the opinion, although I am not a lawyer, that the amendment is entirely useless because it would be a legal, or rather legislative "tautology", and the federal parliament has certainly no right to legislate on anything which does not come under its jurisdiction under the constitution.

I do not think that to limit the federal government or that organization to programs under federal jurisdiction, would mean anything under the circumstances; such a limitation would neither add nor change anything at all because, to my mind, if the schemes with which the council would deal were in the provincial field this would be entirely unconstitutional.

Mr. Ricard: Mr. Chairman, I would like to add a few remarks to those of my hon. friend and colleague, the hon. member for Joliette-L'Assomption-Montcalm (Mr. Pigeon).

I see, as he does, in that section the risk of conflicting authorities, because, considering former comments by the minister, and the President of the Privy Council, I cannot but conclude that there should be co-operation between the other provinces and the federal authorities. Now, this would mean that there also should be some unity of thought, co-operation between provincial and federal authorities in respect of joint programs.

Moreover, in view of the provincial minister's remarks, namely the minister of natural resources, Mr. Levesque, to the effect that Quebec should eventually withdraw from joint plans, I wonder what would be the comments of the President of the Privy Council in that respect as well as with regard to the remarks of the minister of resources of the province of Quebec.

Would it have the effect of weakening co-operation, or would the minister, to be consistent with his former remarks, have to recommend that any joint planning be stopped by provincial authorities? And that he himself, as federal minister, would make the necessary provisions to discourage, rather than stimulate, joint planning between provincial and federal authorities?

[The Chairman.]

Mr. Pigeon: Mr. Chairman, I have a question for the minister. We are concerned because the minister, as we know, has always had centralizing tendencies, and besides, since this government came to office—

Mr. Lamontagne: It is your own legislation.

Mr. Pigeon: Mr. Chairman, we are the party which favours confederation. We have always been in favour of respecting provincial rights. But since the Liberal government came to power we have seen something new. For instance, never in the history of the province of Quebec, had a premier and his cabinet sent such severe and serious ultimatums such as those which were sent to the present government.

In this house we want to act as spokesmen of the ministers and friends of the hon. minister, in order to protect the provincial rights and the rights of the province of Quebec in order that we may indirectly grant the request of the authorities of Quebec. That is all.

Mr. Ricard: Mr. Chairman, I would like to ask the minister whether he has a reply to my questions or whether I may conclude that he cannot find one? It is very easy to say: "It is your own legislation", but on April 8, the people rendered a verdict, and if the minister is of the opinion that he is bound by the measures taken previously, he ought to say so in this house, so that we may know where we stand in the future.

Mr. Lamontagne: Mr. Chairman, I have nothing to add to what I said previously in connection with the amendment.

The productivity council as it was said yesterday, and as I said myself, has obviously done some useful work. There has already been in that field full co-operation with the provinces. I do not know of any province who would have had something to say against the activities of the national productivity council to date.

I do not see why the economic council, which would have exactly the same responsibilities as the national productivity council, could cause any opposition if the previous council did not.

(Text):

The Chairman: Is the committee ready for the question? Perhaps I should read the amendment again.

3. Any programs within this section shall be limited to matters of federal jurisdiction.

Amendment (Mr. Pigeon) negatived: Yeas, 20; nays, 46.

The Chairman: I declare the amendment lost. Shall clause 11 carry?

Some hon. Members: Carried.

The Chairman: Clause 12.

Mr. Patterson: Mr. Chairman, I should like to make a few observations on subclause 2 of clause 11; at least, I should like to ask some questions. The subclause reads:

> Any specific programs initiated by the council in relation to any of the objectives set forth in paragraph (a)—

The Chairman: Order. Is the hon. member on clause 11? My understanding is that clause 11 has been carried. Does the committee give unanimous consent to returning to clause 11?

Some hon. Members: Agreed.

Mr. Patterson: I think I was standing when it was declared carried. Subclause 2 of clause 11 refers to any specific programs initiated by the council in relation to any of the objectives set forth in paragraph (a) of subsection 1. I should like to ask two or three questions. Will the activities of the entity or agency within the council be confined solely to functions and activities in relation to clause 11 or will it also operate under subclauses (i) and (j) of clause 9? It would seem that if the council is to do the job it should do it should have the opportunity to operate in both these spheres rather than just in the one. The national productivity council was able to accomplish what it did because it had freedom to act, freedom to apply its programs. It seems as though, in this particular respect, this paragraph removes the consultative effect and makes the work of the economic council a responsibility of the government alone.

I should like to ask some further questions. What is being done to preserve the work of the productivity council, for instance? Why would the programs of the economic council be taken over by a government department? I should like to call attention to a statement I made back on June 7, 1963, as recorded in *Hansard* at page 798:

> We would suggest that it is of the utmost importance that the work of the economic council be done on a continuing basis with management and with labour and with the other programs rather than just evolving into a civil service operation.

It would seem, Mr. Chairman, that this is what could happen if the government were to take over the operation of these programs to the exclusion of any advice or direction from the economic council. Then, too, it would remove that element of personal contact that had been carried on by the economic council. If these programs were to be taken over solely by a government agency, this would destroy all the personal contacts that had been established between the council on the one hand and management and labour on the other.

I should like to ask, therefore, why would the programs of the economic council be taken over by a government department? Why are the departments of government interested only in the work under clause 11 and apparently not in the work under clause 9?

Mr. Starr: I have the same observations to make in respect to these matters as the hon. member for Fraser Valley. I wonder if the minister would consider standing clause 11 so that we could deal with it at the end of the bill. We have some remarks to make in respect of clause 22 which relates to the work that is referred to in clause 11.

The Deputy Chairman: Is it agreed that clause 11 stand?

Mr. Patterson: I wonder if I could ask one or two other questions that could possibly be tied in with this matter and dealt with later. There is a word in this clause that seems rather strong. It is the word "shall". The phrase is "... shall, if carried out by the council, be so carried out only until such programs can effectively be continued by other government departments or agencies."

I suggest that perhaps it would be advisable for this to be taken under consideration, and be carried on between the government and the economic council. Then if it is mutually agreed it would be desirable to do so, this action could be taken. I feel this word "shall" is a very strong word to be used in this connection.

There is one other thing about which we are rather concerned, and that is any attempt at restricting the programs or operations of the council. We certainly do not want that to happen. We do not want to hamstring the potential effectiveness of the council in any way; therefore, we would like the minister to take this into consideration and reply perhaps when this matter is before us again.

The Deputy Chairman: Is it agreed now that clause 11 stand?

Mr. Ricard: Before it stands, Mr. Speaker—

(Translation):

I should like to ask the minister a few more questions concerning paragraph (iii) which reads:

> —the maintenance of good human relations in industry,

Now, what particular action does the minister intend to take to promote good human relations? When he was preparing this section, did the minister have in mind the Norris report when he drafted the section where it

is said "further promotion of good human relations in industry"?

As far as paragraph (iv) of the same section is concerned, does the minister intend to use that provision to grant more scholarships in the province of Quebec, particularly in forest engineering, for instance, since there is at present a shortage of qualified forest engineers?

Mr. Lamontagne: Mr. Chairman, first of all, in reply to the first question put by the hon. member, I should like to point out to him that the national productivity council arranged with very much success, I understand, some seminars and meetings between industry and representatives of labour unions, with a view to discuss problems common to industry, management and labour. In fact, I think it is precisely that subparagraph (iii) which allowed the productivity council to arrange such meetings which I think could be very fruitful.

As for the second question put by the hon. member, I think it is not the economic council's business to hand out scholarships.

Mr. Ricard: I have a supplementary question, Mr. Chairman. In view of the fact that the minister used the past tense when he said "allowed the council", should we take it that no action is anticipated or planned for the future and that it applies only to the past?

Mr. Lamontagne: I think the hon. member did not quite understand what I said or if he did, maybe I did not express myself properly. I was talking about the activities of the productivity council, which the new council will also undoubtedly carry on, once it is established.

(Text):

The Deputy Chairman: Is it agreed that clause 11 shall stand?

Some hon. Members: Agreed.

Clause stands.

Clauses 12 to 14 inclusive agreed to.

On clause 15—*Appointment of staff.*

Mr. Patterson: I wonder if we could have some indication from the minister as to what will happen to the officers of the productivity council and also the staff. Is it the intention to absorb the personnel into the new economic council; are they going to be retired, fired or what is going to happen?

Mr. Lamontagne: Mr. Chairman, this problem has not been discussed, but I hope that the present staff can be retained and continue its work with the new economic council.

Clause agreed to.

On clause 16—*Technical and special advisers.*

(Translation):

Mr. Ricard: Mr. Chairman, with respect to clause 16, I should like to ask the minister what standards are to be established to determine the qualifications required of those who will be called upon to assist the minister in his work. What methods will be used to determine the qualifications of candidates applying for a position under that provision of the bill?

Mr. Lamontagne: Mr. Chairman, I do not quite understand the point the hon. member wishes to raise. Perhaps he could explain it to me in greater detail, because I do not think there is any provision to leave such matters to the minister.

The sole purpose of that clause is to enable the council to obtain the services, on a temporary basis, of the experts it may need.

Mr. Ricard: That is precisely what I was asking the minister. How will the qualifications of the experts required be determined? Will this be through civil service competitions or will the selection be specially made by the minister or his representatives? Such is the question I wish to be answered.

Mr. Lamontagne: Mr. Chairman, in my opinion, section 16 explicitly provides that the council may retain the services of experts. In addition, I will point out to the hon. member that section 16 of this bill is in every respect identical to section 17 of the legislation introduced by the previous government during the last session.

In my opinion, it would be advisable that the council might retain the services of experts on a temporary basis and I am convinced that the council itself will establish its own criteria to decide who should be hired and to whom positions should be offered.

Mr. Ricard: Mr. Chairman, as the council may make same recommendations, with the approval of the treasury board, this means that the minister will be the one to take the final decision concerning the hiring of experts?

Mr. Lamontagne: Mr. Chairman, the treasury board will have its say, since this will involve the expenditure of public funds which will be submitted to its approval.

(Text):

Clause agreed to.

Clauses 17 and 18 agreed to.

On clause 19—*Appropriations.*

Mr. Patterson: I understand that under the legislation governing the national productivity council there was a principle of shared financial responsibility. The amount spent by that council last year was $400,894, and of this about $85,000 was contributed by industry and labour. It now appears that the government is assuming full responsibility for the financing, and I ask would it not be beneficial were provision made for participation by industry, labour and business in order to give them a sense of responsibility?

Mr. Lamontagne: I am informed that such a provision was not necessary and that the council is authorized to receive donations and gifts to enable it to do exactly what the national productivity council was doing in co-operation with labour unions and industries.

Mr. Patterson: There will be voluntary contribution but not on a shared basis?

Mr. Lamontagne: Yes, so that this arrangement will be a little more flexible than the one referred to by the hon. member.

Clause agreed to.

Clause 20 agreed to.

On clause 21—*Annual report to be made.*

Mr. Patterson: This clause states that the chairman of the council will be the only one who will have the responsibility of publishing studies and reports for the use of the council. If the council is to have the responsibility of doing the work, carrying on studies and correlating information, it should also have the privilege of presenting reports to people other than the minister. Labour, industry and the public in general would be very interested in the activities of the council, which should be in a position to provide the fullest access to the information and reports it collects and prepares.

Mr. Lamontagne: My colleague, the Minister of Citizenship and Immigration, is ready to propose an amendment to subclause 3 which would authorize the council to publish, without the approval of the minister, such studies and analyses prepared for the use of the council. This would go a long way to meet the point raised by the hon. member.

Mr. Patterson: Will that include the recommendations, as well as information and reports?

Mr. Lamontagne: No, Mr. Chairman.

Mr. Favreau: I move:

That clause 21 of Bill C-72 be amended by striking out subclause (3) thereof and substituting therefor the following:

(3) The council may cause to be published such studies and reports prepared for the use of the council as it sees fit.

Amendment agreed to.

Mr. Patterson: We appreciate the minister going that far, but we wish he had proposed a clause stating that the recommendations as well would be given to the public.

Clause as amended agreed to.

On clause 22—*Repeal.*

Mr. Starr: This clause has the effect of repealing the National Productivity Council Act, and the reason we asked that clause 11 stand was because it was related and conveys to the economic council the duties of the national productivity council. Subclause 2 of clause 11 provides that projects initiated under subclause 1 will revert to government departments as soon as this can be done. This means the elimination and burial of the national productivity council and its work, first by disbanding it and second by transferring its duties to this new council, with provision for progressive reversion of those duties to various departments of government. But the theme and principle of the productivity council was that it should deal with those problems—and there are a great many of them—which require the co-operation of management and labour; that it should deal with them on the basis of mutual co-operation.

I was very interested indeed in and impressed by the words uttered yesterday in this repect by the parliamentary secretary to the Minister of Veterans Affairs who, if I understood him correctly, looked upon the work of the national productivity council with great favour. He felt, as I am sure do many hon. members, especially the hon. member for Fraser Valley, that the national productivity council certainly made great strides in the field of management and labour co-operation and broke new ground in this area, establishing a principle that has taken hold.

Once these projects revert to a government department, that principle of dual labour-management approach is completely abrogated in favour of a purely departmental approach. This, to my mind, involves such matters as productivity, labour-management relations, automation, training and retraining of workers; in short, a whole area of the industrial complex which can best be served, I submit, by a joint labour-management approach, with government being the recipient of their joint recommendations. Just a few moments

ago an amendment was moved—perhaps I should not refer to that amendment because it was passed—and certain things will only be made public as certain people see fit to make them public. Recommendations are not to be made available to everyone concerned, neither labour nor management. The effect of this clause and the clause that has been stood, No. 11, is to remove these matters from the purview of labour and management in this country and transfer them to the government. I think this is a step backward. The principle we put into effect has taken great strides in the past few years since the inception of the national productivity council and has brought about greater labour-management co-operation in a field in which both these factors are very vitally interested.

Clause 22 removes from existence the only government body which labour and management can meet to deal with problems that are peculiar to labour and management but which nevertheless make their effects felt throughout our whole economy. I submit, Mr. Chairman, that no substitute body should be set up because the duties would be taken over in such a way as to provide for their eventual parcelling out among government departments. I look at this as a process of assassination by attrition. The Liberal party when in opposition did not believe in the productivity council from its inception, and throughout its existence there was nothing but bitter and harsh criticism of the council from members of that party. But I submit it was only a political attack. Although the president of the Canadian Labour Congress, after accepting a position on this council, objected to the make-up of the council because he felt there was not sufficient representation on it from industrial unions, he at no time criticized the principle of labour-management co-operation embodied in the work of the council. Since the inception of the council and the work they have carried out in the labour-management field I am glad to note that he has become one of the greatest supporters of the labour-management principle and is continually advocating more and more of this sort of thing in order to help resolve the difficulties which present themselves in our economy. This bill, and particularly this clause, destroys that whole principle.

I submit, Mr. Chairman, that clause 22 should be deleted from the bill before us, which would have the effect of continuing the productivity council and would eliminate the necessity for the inclusion of clause 11, which should also be deleted. I therefore move:

That clause 11 and clause 22 of Bill No. C-72 be deleted.

The Deputy Chairman: Order. The—

[Mr. Starr.]

Mr. Pickersgill: Mr. Chairman, I presume that before you put the motion you intend to consider whether it is in fact in order or out of order for two reasons; one, because, of course, the revival of the productivity council as a separate organization would necessarily involve an additional expenditure of public moneys, which only a minister of the crown may propose, and second it would change the whole scheme of the bill and upset the principle of the bill. It seems to me that on both those grounds the motion is out of order.

Mr. Starr: On the point of order, Mr. Chairman, may I submit that it will not be a revival of the national productivity council, because if these clauses are not included in the new bill, it would still be in existence. As far as financial obligations with respect to the national productivity council are concerned, a great deal of the expenditure that would be entailed in putting into effect Bill No. C-72 would not be necessary because that expenditure would be absorbed in the national productivity council.

Mr. Favreau: Mr. Chairman, as the Secretary of State has suggested, not only does this motion involve the expenditure of money, not only does it upset the purpose of the bill, but it is more than an amendment of substance; it places in question the whole purpose of the bill. The purpose of the bill is to repeal the National Productivity Council Act and to create an economic council to which will be transferred the powers of the national productivity council, plus a series of other integrated and very important powers. So the amendment by itself, if accepted, would completely contradict the purpose of the bill and would totally neutralize the effect of the proposed legislation. For that reason it is suggested that the amendment is completely out of order.

Mr. Baldwin: Mr. Chairman, may I make one or two observations with regard to what has been said; I think the hon. member for Ontario has also dealt with this. Until the National Productivity Council Act is repealed it is a good act in good standing. Consequently there can be no question of there being any expenditure of money which is not already authorized. Second, if you examine the preamble of Bill No. C-72, you find it is an act to provide for the establishment of an economic council of Canada. It is not an act to provide for the repeal of the National Productivity Council Act.

The Deputy Chairman: Order. Apart altogether from the statements which have been made by the Secretary of State and the Minister of Citizenship and Immigration, I would have to rule this amendment out of

order on two grounds: first, because if there are those who disagree with this clause, they then have an opportunity of voting against it; second, because the amendment refers to a clause that is not now being considered by this committee.

Mr. Starr: I have no alternative but to appeal your ruling, Mr. Chairman.

The Deputy Chairman: Before I proceed with the appeal I should like to give the authority for the ruling I have just made. It is citation 398, page 283 of Beauchesne's fourth edition, which says:

> An amendment which would produce the same result as if the original motion were simply negatived is out of order.

Therefore, I should like to ask the hon. member for Ontario, in view of that citation, whether he still wishes to appeal the ruling of the Chair.

Mr. Diefenbaker: Mr. Chairman, might I be permitted to say a word with regard to this amendment which has been moved by the hon. member for Ontario. All of us are most anxious to give an opportunity this afternoon at five o'clock to private members, and an appeal taken at this time would have the effect of rather limiting the hour. That, of course, is not a consideration which affects you but it is one which affects the committee in general. In any event, the opposition would have the same opportunity on third reading, provided third reading is not called until tomorrow, to make the necessary amendment to cover this matter, namely that third reading be not then taken but that the whole matter be referred back to the committee with the direction to take the course suggested by the hon. member for Ontario.

Mr. Pickersgill: I am sure that if the hon. member for Ontario would accept the excellent suggestion of the Leader of the Opposition, I can give an assurance that the government would not move third reading today, or attempt to move it, and would follow the course suggested by the right hon. gentleman.

The Deputy Chairman: Shall clause 22 carry?

Some hon. Members: Carried.

Clause agreed to.

The Deputy Chairman: The committee will now return to the consideration of clause 11.

On clause 11—*Additional duties.*

Mr. Patterson: Mr. Chairman, I did ask some questions on this clause. I do not want to hold up the bill, but I wonder whether the minister would indicate why he wants to take the responsibility completely out of the hands of the economic council and hand it over to a government department, breaking, as I have said, the personal relationship which the council has had with business, industry and labour.

Mr. Lamontagne: I think the hon. member reaches the wrong conclusion or gives the wrong interpretation to subclause 2. This subclause has been put there for one purpose only, and that is to try to minimize duplication. Also, we do not want the economic council to be involved in continuing specific programs which can be carried on by government departments. I think this is exactly the kind of provision we need if we want to avoid duplication in the government service. The subclause is not intended to limit the power of the council to initiate programs or studies, and I think it would be wrong to expect the council to carry on specific programs on a permanent basis. When a program has been initiated and tested and it is realized that it should be continued, then we feel that this specific program should be transferred to the government department which is responsible in that general field. Let us take for instance, the training programs that the productivity council initiated within the last year or so very successfully. I do not think that the economic council or the national productivity council should carry on those programs on a continuing or permanent basis. If such training programs prove to be useful, then they should be transferred from the economic council or the national productivity council to the Department of Labour, which is equipped to do exactly that kind of job.

Mr. Patterson: I wonder whether the economic council would have the privilege to review the progress of these projects and then take further advice from the council?

Mr. Lamontagne: As a result of the amendment moved yesterday afternoon the council would certainly have the power of review.

Clause 11 agreed to.

Title agreed to.

Bill reported.

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

Mr. Pickersgill: Next sitting of the house.

Before you see five o'clock, Mr. Speaker, I wonder if it could be understood that the house would resume at seven o'clock. It is August 1, which I think all of us had forgotten. If there could be general agreement, the house could resume at seven o'clock and at that time the Minister of Finance would move second reading of the municipal development and loan bill.

Some hon. Members: Agreed.

Mr. Deputy Speaker: It being five o'clock, the house will now proceed to private members' business, pursuant to special order made this day.

DIVORCE

AUTHORIZATION FOR SENATE TO DISSOLVE OR ANNUL MARRIAGES

Mr. Eric A. Winkler (Grey-Bruce), for Mr. Mandziuk, moved the second reading of Bill No. C-93, authorizing the Senate of Canada to dissolve or annul marriages.

He said: It is my honour to present Bill No. C-93 standing in the name my hon. friend from Marquette (Mr. Mandziuk) by and with his consent. I would say in explanation that the purpose of the bill is to provide that the Senate may on petition by resolution declare that a marriage is dissolved or annulled as the case may be. The operation of the resolution may be suspended if, before the expiration of 30 days from the adoption of the resolution, a petition to parliament by either party together with a draft bill is filed with the clerk of the parliaments.

It is not, of course, within my competence to deal with this matter as my hon. friend from Marquette would have done, but I understand there is fairly general agreement with regard to this measure and it would be a historic step if this house could, today, in the course of this private members' hour, see fit to give the second and third readings to the bill which is before us.

Mr. Arnold Peters (Timiskaming): This is a matter which has been the subject of grave concern to me for a considerable period of time. I wish, therefore, to congratulate those who have been involved in the preparation of this bill for the co-operation they have shown.

We in this party have been concerned in a number of ways about procedure in this parliament with regard to divorce. We have always felt there were many respects in which we were not competent to investigate all these individual bills and petitions—we did not have the machinery to enable us to do so satisfactorily. We think that in the present bill there is machinery for doing this and it may well be that some of the problems we have faced in the past can be eliminated.

The establishment of a semi-judicial agency to handle divorces has, I think, been accomplished in this bill. It is true this is not the solution for which some of us had hoped. It had always been my hope that these matters would be sent to the exchequer court for disposal, and that would be the end of the whole thing. But there are reasons why this cannot be done at the present time. I think those reasons are fairly well known to hon. members.

We have never sought to shrink from our duties under the British North America Act which makes the granting of divorce in certain circumstances a federal responsibility. I see in this bill some provision against certain of the abuses which have taken place in the past. Whoever is charged with hearing these cases will, in my opinion, be able to govern and regulate those coming before him as representatives of the petitioners and corespondents in the various cases; he will be able to make regulations and rules which would meet the requirements as he sees them, and his position will be sufficiently authoritative to allow him some discretion. In these circumstances, some of the abuses which have taken place, particularly in relation to evidence given by detectives, may be corrected and considered in the light of representations which are to be made.

I have always contended that if the House of Commons were to try to deal with these matters effectively and conscientiously members would have to concern themselves with matters of minute detail as reflected in the discussions which they have experienced in the last year or so. This, as you know, Mr. Speaker, has curtailed the number of divorce cases which could be passed, and indicated some of the problems which have developed from legislative action in this field.

I wish to congratulate some of those who have been connected with finding a solution to these difficulties because they have presented a grave problem to many of us. While the solution now offered is not the best for which we might have hoped it is certainly a compromise which may prove successful and I am sure that further steps can be taken which would satisfy certain hon. members including many who are connected with social services across the country, organizations which have demanded that there be a general change in Canadian divorce legislation in other regards. We understand—and this is only an understanding—that there is a possibility that the rules will be such that some consideration may be given to jurisdiction affecting the custody of the children concerned. This, of course, would not be an infringement of provincial rights and we do not want to move in this direction; but there are appeals for custody which are inherent in annulment or divorce cases, and this aspect has not been handled satisfactorily in the past. We hope some solution to this particular problem can be found within the terms of the bill before us. I believe this will meet many of the objections we have had to the previous

practice and if it can be passed by the house this afternoon in fulfilment of the responsibility of members of parliament I personally will be quite happy to be relieved of any responsibility I have had for the delay in regard to cases that have been before the house in previous years, and those which are now before the house.

It will be recalled that in the past we have tried to take similar action but the result has not been satisfactory. I am hopeful, and I think hon. members are generally, that a solution has now been reached as a result of which this situation will not develop again. I think it is generally accepted that one or two cases have come before us in the last three years which are bad cases. They are bad from my point of view and I would suggest that perhaps those of this type could be held out so that the committee could take a final look at them and reconsider them.

If the house sees fit to pass this bill today many people in the province of Quebec will be relieved in a very personal way. I have been accused, as has my colleague, the hon. member for Skeena (Mr. Howard), of being unfair to the people concerned but we took our decision after very serious thought in the matter, and after we had made concessions in the past and were given many assurances that proved futile. We made our decision fully aware of the fact that some people were going to have to suffer because of our action, and we hope that this bill will to some extent justify the action we took.

Mr. H. A. Olson (Medicine Hat): Mr. Speaker, on behalf of this group I wish to say we have discussed the bill and its provisions and we agree that it can go through all stages this afternoon. I want to say that over the years members of this party, together with all other members of the house, have considered that the manner in which divorce cases were presented to us was one of the most distasteful parts of our responsibilities. I recognize at the same time, however, that members of parliament must occasionally face up to distasteful responsibilities.

I think there has been fairly unanimous agreement that one of the most objectionable features of the way in which divorce bills have been handled is that many times in the house and in the private bills committee members have been asked to give blanket, unanimous approval to certain things and they really did not know what they were voting for. As has been pointed out, there were times when we might have had some reservations about giving approval to certain petitions, but at the same time there did not seem to be any other course open to us than to pass them en bloc, and perhaps try to absolve ourselves of some of the responsibility because they went through in that fashion.

I wish to offer our congratulations to the members of the house who have come up with what might be called a compromise solution. We are not suggesting that this is the final or best solution that can be found but certainly we are willing to give it a try. As I said, we in this party will allow the bill to pass all stages today.

Hon. Gordon Churchill (Winnipeg South Centre): Mr. Speaker, I will not delay the house many minutes but I was so involved in this problem for a number of years that I should like to say a word or two about it. I should like to pay a compliment to the hon. member for Marquette (Mr. Mandziuk) for his activity in this connection last year and again on this occasion, and to two former members of the house who are no longer with us, Mr. Robert McCleave of Halifax and Mr. Doug Morton of Toronto, who worked many long hours attempting to arrive at a solution to this very vexing problem.

The problem has been recognized by all members of the house for many years, and a very great effort was made, involving the expenditure of many hours of time in attempting to reach a solution to the problem, one which has escaped solution for a very long period of Canada's history. There were several occasions on which two or three of us representing the various parties in the house conferred with Mr. Speaker Michener about the problem. Some members of the house conferred with members of the other place. A great deal of work was done in that way in order to achieve success.

Two years ago a bill almost identical to this one was passed by this chamber with the co-operation of all hon. members but it failed to receive approval in the other place. Now we have finally arrived at the stage where agreement has been reached. Certain additions have been made in this bill which have provided for valid objections raised on other occasions. I hope there will be general agreement to the passing of the bill and thus removing a very contentious problem from this chamber.

At the same time we will have to push into the background and forget some of the controversy we have had in this chamber with regard to methods that were used to promote the idea of a change in procedure with respect to divorce. The great thing today is that we now have an achievement which I think will be creditable to parliament.

Mr. T. C. Douglas (Burnaby-Coquitlam): Mr. Speaker, if this bill is passed by the house and is also passed by the Senate it

will constitute a red letter day in the life of the Canadian parliament. Over the past quarter of a century many of us had hoped that the day would come when a more satisfactory way would be found to handle divorces coming from the provinces of Quebec and Newfoundland. Many of us have felt for a long time that parliament neither has the facilities nor the skill to deal with the question of divorce. We do not have the facilities to make proper investigations. We do not have the facilities to decide whether or not proper custody of the children is being awarded and proper provision being made for the parties affected.

I rose simply for the purpose, first of all, of extending congratulations and paying my tribute to the hon. member for Timiskaming (Mr. Peters) and the hon. member for Skeena (Mr. Howard) who have fought this question for a long period of years. They have often suffered misunderstanding as a result, but I am sure they will be satisfied today. I am also sure that members of parliament in all parts of the house will be happy that an improved method has been found to handle divorces.

This is by no means the end of the road. There are other things that should be done. We in this party have always felt that the exchequer court was the proper court to handle divorces, but that may be a future development from the step we are now taking. I also want to pay tribute to the hon. member for Marquette (Mr. Mandziuk) who has worked very assiduously on this subject, and to congratulate him and the hon. member for Grey-Bruce (Mr. Winkler) who has brought the bill before the house today on behalf of the member for Marquette. I think members of the house in all parties who have worked together to find a solution will feel a great sense of gratification that we have now reached an important milestone in the history of the Canadian parliament. I think also it will be a great relief to many of the people who have been affected by this legislation.

Mr. Reid Scott (Danforth): I just want to say one or two words on this measure. I realize that a great deal of work and co-operation has gone into the preparation of the measure and the method by which it has been brought here this afternoon. It is a source of great personal regret to me, however, that in reading this bill I see that on August 1, 1963, we are creating a process for administering the laws of England in respect of marriage and divorce as of July 15, 1870. We have had previous discussions in the house concerning the necessity for broadening the general grounds for divorce. It is a source of personal loss to me that we are here merely perpetuating the archaic and backward divorce laws that exist in this country. I hope that some day we will be able to deal with this subject.

I realize there are a lot of problems involved, religious difficulties and personal belief. However, this does not alter the fact that thousands and thousands of Canadian citizens are living under extremely harsh and difficult circumstances because of the archaic nature of the divorce laws of this country. I hope that some day we will be able to drag the divorce laws, kicking and screaming, into the twentieth century. This is, of course, a step in the right direction. No one would wish in any way to oppose it or detract from the importance of the measure we are passing. I could not permit it to pass without registering my personal objection.

(Translation):

Mr. Gerard Girouard (Labelle): Mr. Speaker, I should like to say only a few words on this bill because I do not intend to oppose it.

A satisfactory compromise has been found since the house had no desire to deal with the matter. However, what surprises me is that the whole matter will finally fall into the hands of the Senate, of people who will be called upon to rule on marriage and whose decision will be final.

I appreciate that the house has found a compromise solution, and all I want to say now is that I wish the house would spend as much time, energy and money to find a way to patch up unsuccessful marriages instead of giving further encouragement to divorce.

(Text):

Hon. J. W. Pickersgill (Secretary of State): I feel that there should be a word said from this side of the house. I want to say first that I feel the spirit in which this legislation has been put forward today, and the way in which every member of the house has to some degree made a compromise, is an indication that under our democratic system we can do the things that need to be done.

Mr. Deputy Speaker: Order; it will be understood that if the hon. member speaks now he will be closing the debate.

Mr. Eric A. Winkler (Grey-Bruce): I appreciate the co-operation that has been displayed. I assure you, Mr. Speaker, and all the members present that I do not wish or intend to take credit for the presentation of this measure today or for the terms in which the measure is placed before us. This goes to several members of the house, some of whom are here and some unavoidably absent. I

include, particularly, the hon. member for Timiskaming (Mr. Peters) who has seen fit to agree to the terms of the measure. As one of the members of his party said, perhaps it is not ideal, but it is a common denominator that we come out with in this chamber for the benefit of the whole. I would take this opportunity of thanking every individual who has made this possible this afternoon.

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

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

Mr. Pickersgill: Now, by leave.

Mr. Winkler (for Mr. Mandziuk) moved the third reading of the bill.

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

PRIVATE BILLS

Mr. Ian Grant Wahn (St. Paul's): Mr. Speaker, may I move that Bills SD-1 to SD-50 be referred to the committee en bloc?

Mr. Arnold Peters (Timiskaming): We have agreed, Mr. Speaker, that no further consideration will be given to these bills. The committee has decided that the people are prepared to go ahead with their cases according to certain affidavits. Some of these cases are rather lengthy. Unfortunately, however, they have become badly mixed.

I should like to ask the chairman of the private bills committee if he will hold out two bills which I consider are in a separate category. I refer to the bill concerning Mrs. Barmash, which is being contested for the third time, I believe. The second bill relates to a person named Hankowski. This case was referred to a few days ago. There is a problem of domicile involved as between three countries and this case wants special consideration. In addition, there is the fact that counsel in this particular case do not appear to have been advised in the regular manner. It is not really known whether or not there is a protest on behalf of the respondent.

With the exception of these two cases, Mr. Speaker, that I should like dealt with separately, the Hankowski case which is Bill No. SD-5 on the order paper—

Mr. Deputy Speaker: It would be helpful if the hon. member could give us the numbers of the bills to which he is referring. Bill SD-5 is on the order paper today. We added another 200 and I am not sure what the number of the Barmash case is because it is changed from what it was previously.

Perhaps I might suggest to the hon. member that we will try to sort this out in committee.

Private Bills

Mr. Wahn moved:

That Mr. Speaker do now leave the chair for the house to go into committee of the whole on private bills SD-1 to SD-251, both inclusive, with the two exceptions referred to by the hon. member for Timiskaming (Mr. Peters) pursuant to section 1 of standing order 54.

Mr. Deputy Speaker: Is it the pleasure of the house to adopt the motion?

Motion agreed to and the house went into committee on Bills SD-1 to SD-251, (with the two exceptions indicated)—Mr. Wahn—Mr. Lamoureux in the chair.

On clauses 1.

Mr. Aiken: Are we going to go through the bills one by one?

The Chairman: My understanding is that we are calling clause 1 of all the bills and then their preambles.

Mr. Aiken: Of all the bills except the two—

The Chairman: Except the two that have to be sorted out, which we have to determine or identify.

Mr. Scott: How are we going to handle the problem raised by the hon. member for Timiskaming with regard to the two bills, if we are going to carry them all simultaneously?

The Chairman: They have been specifically excluded by the Chair, without naming them, because we will have to go through quite a number before we are able to identify the two bills specifically referred to by the hon. member for Timiskaming.

Mr. Knowles: The hon. member for Timiskaming has cut your problem in half. One of the bills is readily identifiable. It is order No. 6 but the other you will have to find somewhere.

Mr. Aiken: I think the hon. member for Timiskaming will find that the numbers of of the bills are in *Votes and Proceedings* for yesterday, July 31, at page 315 and onward. I think, to put this in proper shape, we ought to identify the bill numbers and withdraw those two bills from consideration.

Mr. Peters: The Hankowski case is SD-5 now, and in the previous year it was SD-1. No. 3 or 4 was 90, and there is no continuity between this year and previous years.

Mr. Aiken: May I ask the hon. member what the name of the party is?

Mr. Peters: B-a-r-m-a-s-h.

Mr. Pickersgill: Surely it is sufficiently identified so that it can be sorted out at the table.

The Chairman: In any event my understanding is that the two bills, identified to the

extent that they were named by the hon. member, were excluded from consideration of the committee. We have further identified one of them, Bill SD-5, and we have the name of the other one which has just been recorded on *Hansard* by the hon. member.

Mr. Fairweather: I am not going to take more than about two minutes. I just want to say that because of the very wonderful compromise that has been made, we are about to consider these bills, and I want to say that I share two points of view. The first one is about custody of children. This has troubled me ever since I came to this place, and I have been rather astounded to note that we could dissolve a marriage and pay no attention whatsoever to the custody of the children. That is something I wish to put on the record.

Second, I want to agree, with a fervent amen—perhaps this is out of order, but it will not take me long enough to worry about it being out of order—with the statement made about the narrowness of grounds for the dissolution of marriage. They are surely archaic in Canada in 1963.

The Chairman: Shall clauses 1 of the said bills carry?

Clauses 1 agreed to.

Preambles agreed to.

The Chairman: Shall I report the said bills?

Mr. Churchill: May I ask a question? Perhaps this is out of order, but what about the ones now in *Votes and Proceedings* for July 31? Are they going to come before the house before the adjournment?

Mr. Pickersgill: There was a motion made earlier today and they are now before the house. I would like to have that confirmed by the chairman of the committee.

Mr. Wahn: Bills SD-1 to SD-251, with the exception of the two bills mentioned by the hon. member for Timiskaming, are before the house.

Mr. Aiken: Mr. Chairman, so far as I can gather the second bill mentioned by the hon. member for Timiskaming is not included in this group.

Mr. Ryan: It is important that the motion affect only one rather than two bills. I cannot find the Barmash bill.

Mr. Pickersgill: If it is not included then it cannot be excluded.

The Chairman: Shall I report the said bills?

Some hon. Members: Agreed.

Bills reported and read the third time and passed.

[The Chairman.]

BUSINESS OF THE HOUSE

Mr. Pickersgill: Mr. Speaker, before another order is called I wonder if the house would permit me, in order to have it recorded on today's *Hansard*, to give the information which the Speaker asked about the questions that were to be dropped pursuant to the intervention of the hon. member for Lapointe (Mr. Gregoire). They are Nos. 506 to 556; 651 to 662; 708 to 737, and 892 to 898 all inclusive. I will send this to the table so that it will be properly recorded. I am most grateful to the house for permitting me to do this.

Mr. Deputy Speaker: Is that agreed?

Some hon. Members: Agreed.

Mr. Ian Grant Wahn (St. Paul's): Will Bill SD-5 now be dealt with—the one that has been excluded?

Mr. Deputy Speaker: Order. Is it agreed by the house that there is only one bill, SD-5, which will be excluded from the several bills that have been approved by the house?

Some hon. Members: Agreed.

Mr. Aiken: Are we going to deal with Bill SD-5, or is it to stand?

An hon. Member: Let it stand.

Mr. Deputy Speaker: It is agreed that bill SD-5 stands.

Bill stands.

PRIVATE BILLS

CONSIDERED IN COMMITTEE—THIRD READING

Bill No. S-29 respecting The Sovereign Life Assurance Company of Canada—Mrs. Konantz.

SECOND READINGS—SENATE BILLS

Mr. Ian Grant Wahn (St. Paul's): Mr. Speaker, by unanimous consent I move, seconded by Mr. Addison:

That the following bills be now read a second time and be referred for consideration forthwith, notwithstanding provisions of standing order 106, by (a) the standing committee on banking and commerce: Bill No. S-26, respecting Co-operative Fire and Casualty Company; Bill No. S-30, respecting the Monarch Life Assurance Company; Bill No. S-35, respecting the Crown Life Insurance Company.

(b) Standing committee on miscellaneous private bills: Bill No. S-31, respecting the Canadian Manufacturers' Association.

Mr. Deputy Speaker: Is it the pleasure of the house to adopt the motion?

Mr. T. S. Barnett (Comox-Alberni): Mr. Speaker, I would like to know first of all whether the proposal of this motion means we will not be free at this time to say anything in respect of any of these bills that are being moved for second reading and referral.

Mr. Deputy Speaker: The understanding is that hon. members will have an opportunity to consider and discuss these bills.

Mr. Barnett: I rise, Mr. Speaker, simply for the purpose of saying a word or two about Bill No. S-26, respecting the Co-operative Fire and Casualty Company. I am speaking in support of the bill but I would like to say a word or two about my own reaction to the method of dealing with this matter. I think it is rather unfortunate that a bill of this particular kind has to come before this house, because in my view it represents the necessity of the co-operative movement of Canada taking a rather roundabout and back way in order to achieve their purpose of maintaining the democratic nature of this particular operation.

My own view is that it would have been much more preferable had it been possible for the Co-operative Fire and Casualty Company to have proceeded with what I understand was the original idea a number of years ago, that is, operating their concern in the normal co-operative manner through some provision for a delegate convention. I think it is rather important that we realize in this house that the purpose of this bill, as I understand it, is to ensure that the co-operative and democratic method of control shall be maintained in respect of this organization. While I regret that circumstances make it appear that this is the only manner in which that object can be achieved, nevertheless I feel we should support the desire of the co-operative movement to ensure that in the future their operations shall continue to be run in a truly democratic manner.

Mr. D. G. Hahn (Broadview): Mr. Speaker, perhaps I may just say a few brief words and make a few comments on the remarks of the hon. member who has just spoken. One of the reasons for the change in this company from a mutual company to a joint stock company is that of financing. This company was originally incorporated as a co-op company. The original capital was loan capital and was intended to be loan capital. Originally, in 1951, it was $200,000. The people and the co-ops which advanced these funds had no control in the operation of the company. In the intervening years it has been necessary to put more money into the company because its business has grown to a total now of nearly $1,300,000. More capital is going to be required. One of the reasons for changing the structure of the company is to take note of the fact that this capital is no longer loan capital; it is permanent capital. Therefore the co-operatives which have advanced the capital are now going to have an opportunity to participate in the management of the company through the stock operation.

Motion agreed to and bills read the second time.

Mr. Deputy Speaker: The said bills now stand referred to standing committees as specified in the motion.

ALLSTATE LIFE INSURANCE COMPANY OF CANADA

The house resumed from Thursday, July 25, consideration of the motion of Mr. Ryan for the second reading of Bill No. S-28, to incorporate Allstate Life Insurance Company of Canada.

Mr. Deputy Speaker: Is the house ready for the question?

Some hon. Members: Question.

Mr. Gregoire: What is the question?

Mr. Deputy Speaker: Moved by Mr. Ryan, seconded by Mrs. Konantz:

That Bill No. S-28, to incorporate Allstate Life Insurance Company of Canada be now read a second time.

Some hon. Members: No.

(Translation):

Mr. Gerard Laprise (Chapleau): Mr. Speaker, I am astonished to see this bill before the house for the third time.

On July 18 last, this bill was presented and one of my colleagues, the hon. member for Lapointe (Mr. Gregoire), indicated to the house, in strong terms, the reasons why we objected to the passing of this private bill.

We are asked, as it were, to welcome a new insurance company. The Allstate Life Insurance Company of Canada is not going to invest capital in Canada; on the contrary, it will take further profits out of the country.

Mr. Speaker, if in my turn I object tonight to the passing of this bill, following the example of my colleagues from Lapointe and from Lake St. John (Mr. Lessard) who objected to it also last Thursday, it is because I am of the opinion that in Canada there are several insurance companies which give us adequate coverage.

I cannot see why a company owned almost entirely by foreigners, by Americans, should be accepted, when there are in Canada insurance companies that give us very good coverage in a very satisfactory way.

There are in Canada a great number of insurance companies and competition is so

fierce that there is no need to take a step to take out a policy; insurance salesmen are always after us, offering us the coverage that our own Canadian companies can give us.

Mr. Speaker, that is why I am against the passage of this private bill; we have here in Canada insurance companies that are doing very well. From a Canadian standpoint, in every field, we are doing rather well. We have succeeded in industry.

This bill will not create more employment, as another member stated in this house. There is no question of coming here to give employment, but rather to get benefits.

Mr. Speaker, as I said earlier, our people have done well in the insurance business as in any other field. I am of the opinion that we need not look elsewhere to find what we want.

Let us take hockey for instance. We are doing rather well in Canada in that sport. It is the same in industry and also in the field of insurance.

Our Canadian insurance companies have given proof of their success a long time ago. I am sure that they can continue to give us the protection we need in the field of life insurance as well as in that of fire, theft or automobile insurance. In his budget speech, the Minister of Finance (Mr. Gordon) told us that nearly 70 per cent of Canadian trade and Canadian industry were in foreign hands. Today, we are asked to pass another piece of legislation which would increase foreign ownership of our insurance business.

Mr. Speaker, I wish to tell the house that I object to the passing of this measure as it stands, for I feel—and I wish to make this feeling widely known—that there are enough people in Canada capable of giving us all the protection we need.

We are not anti-American. That is not at all the case. But, once again, we can find in Canada all the coverage we need in the insurance field.

Mr. Gerard Girouard (Labelle): Mr. Speaker, I wonder why we are still discussing this bill today, for after having heard the hon. member for Lapointe (Mr. Gregoire) and the hon. member for Lake St. John (Mr. Lessard), who have their own way of making themselves understood, one would think that the sponsor of the bill would have understood immediately and would have withdrawn the bill.

But it seems that the learned member for Lapointe has been preaching to deaf ears and that the young members will now have to do the same and to preach still louder to the wind.

It was proposed that that bill be referred to the banking and commerce committee for detailed consideration. At that time, the mover of the bill stated that it would be easy for the committee to question the directors of the company and obtain the necessary information. What amazes me is that more than a week later the same mover comes back with the same bill and believes that we can do without the few explanations we wanted to have. In any case, we are wondering what kind of explanations we would have been given since it was clearly stated in the house that this company is largely American.

I find it strange that some members talked in the house about anti-Americanism, but I wish to emphasize that that is not the question. In fact, we are not concerned about American capital but about Canadian capital flowing out of the country to the United States. That is why I have to object to the bill.

It was said earlier that the budget introduced by the Minister of Finance (Mr. Gordon) contained an item the effect of which was to prevent new Canadian capital from falling into the hands of American companies. Now, the bill before us provides for the take-over of a Canadian company by Americans who will come into this country to compete with our Canadian companies.

Therefore, it is the responsibility of the members of this house to look after Canadian capital. Why does the mover introduce such a bill when we have in Canada a sufficient number of insurance companies giving us all the services we need? We really do not see how Canadians would benefit from the establishment of a new insurance company.

That is why I humbly agree with the ideas so brilliantly expressed by my colleagues who are opposed to the passing of this bill. However, I would like to make a suggestion to the mover of the bill who wants us to refer it to the committee on banking and commerce. I would suggest that he, who should know the director of the company very well, encourage the latter to draft a bill during the adjournment, which would be acceptable to the members of the house. The company

might, for instance, decide to have a greater number of Canadian directors, so that it would be 50 per cent Canadian.

(Text):

Mr. Ryan: Mr. Speaker, I rise on a question of privilege. I should just like to deny that I know any one of these directors of these companies. I have had no personal acquaintance with any of them.

(Translation):

Mr. Girouard: In that case, Mr. Speaker, I apologize if my words implied that he would know some of the company's directors. I would nevertheless ask him whether he could not find an opportunity of meeting some of those directors and tell them the reason for our opposing the bill, which is that we would not like entirely American capital to compete with our Canadian companies in a field in which there is already too much competition. If the hon. member would make some representations to those American people, I think that the bill might be accepted later. Otherwise, I do not see how we could accept it, for we did not get the explanation we wanted.

Mr. Speaker, may I call it six o'clock?

(Text):

Mr. Deputy Speaker: Order. The hour appointed for the consideration of private members' business having expired, the house will now revert to government business.

It being six o'clock I do now leave the Chair, and may I remind hon. members that the house will sit again this evening at seven o'clock.

At six o'clock the house took recess.

AFTER RECESS

The house resumed at 7 p.m.

MUNICIPAL DEVELOPMENT AND LOAN BOARD

PROVISION FOR FINANCIAL ASSISTANCE TO MUNICIPALITIES

Hon. Walter L. Gordon (Minister of Finance) moved the second reading of Bill No. C-76, to promote increased employment in Canada by financial assistance by way of loans to municipalities to enable municipalities to augment or to accelerate municipal capital works programs.

Mr. Diefenbaker: Is the Minister of Finance not going to make a statement?

Mr. Gordon: In speaking to the resolution in the house on June 11 and in reply to the debate on the resolution on June 17, I set forth the purposes of the municipal development and loan act and explained the manner in which it would contribute to employment.

While the financial assistance given in this legislation will help municipalities to build capital works, it must be remembered that the primary purpose is to give employment. This we hope to accomplish by increasing the level of municipal capital expenditure over the next two or three years, that is, up to March 31, 1966 which is the terminal date specified in the bill.

The speeding up of municipal capital expenditure is to be accomplished by making loans available to municipalities on favourable terms. A municipal loan fund of $400 million will be established for this purpose. The money will be available to the municipalities for financing additional capital projects and the interest rate will be the government's own long term rate plus not more than one quarter of 1 per cent administrative overhead charges. To provide an added incentive for a rapid increase in municipal capital spending, the government will forgive one quarter of the loan made with respect to the increased capital spending before March 31, 1966. This, of course, is the equivalent of a major reduction in the rate of interest on the full amount of the loan.

I should like to repeat that. There are two ways of providing money for this particular purpose on a basis that will be attractive to the municipalities. One would be at a reduced interest rate. The other is the one proposed in this bill which provides for a substantial forgiveness feature of part of the capital. They both have the same effect.

This then is the broad outline of the program: A fund of $400 million available to finance additional municipal capital expenditures up to March 31, 1966, an interest rate on loans equal to the federal long term rate plus a moderate overhead charge, and a 25 per cent forgiveness of the amount of the loan made with respect to work completed up to March 31, 1966.

The whole plan is designed to make a substantial contribution to employment in the coming winter and over the next two or three years. The main purpose of the plan, to increase employment by the above means, has been endorsed by the provinces, and I might say it has been endorsed by all of the provinces. This is demonstrated by the joint communiqué issued at the conclusion of the meeting on July 26 and 27 with the provinces, which began as follows:

> The meeting of federal and provincial governments has concluded with full agreement on the proposal of the federal government to promote employment by financial assistance, with provincial approval and co-operation, to municipal capital works.

Municipal Development and Loan Board

As a result of the meeting with the provinces last week end I will propose certain changes in the legislation which have to do with the method of administration and with the breadth of the program. The Prime Minister (Mr. Pearson) has already referred to the excellent results of the conference. Speaking in the house on July 29 he referred to the very satisfactory agreement reached between the federal government and the provinces. He pointed out that the conference with the provinces had accomplished all that it could of itself accomplish. It produced a very satisfactory understanding with the provincial governments about the recommendations the federal government would make to parliament concerning the municipal development and loan bill.

The modifications in which the provinces were particularly interested were of two kinds, and the proposals that we will make to parliament in this connection are summarized in the communiqué to which I have already referred. The first point has to do with the scope of the program and I should like to quote the communiqué on this point as follows:

> The federal government indicated to the provinces that it will propose, in the legislation to be discussed in parliament next week, features which will enable the measure to be applied in forms adapted to different conditions in the various provinces. The federal government will propose that the range of municipal works covered in the program will be broadened so as to include in any province all those municipal works which the province and the federal government believe to be productive of increased employment.

It was clear from our discussions with the provincial representatives that they felt that broadening the range of programs to which the municipal development and loan bill would apply would make possible a greater contribution to employment and would make for a fairer division of the assistance as between municipalities. Since the government is concerned with achieving the full effect from an employment standpoint and since we are also concerned that the program should be a fair and equitable one from the standpoint of the provinces and the municipalities, we will be proposing an amendment to broaden the list of municipal projects which will be eligible for assistance, provided, of course, that they are additional municipal capital works which will provide additional employment over what we would have had without this plan.

The second modification with respect to administration was also outlined in the communiqué and I should like to quote the pertinent paragraph:

> In response to suggestions from a majority of the provinces—

And, I might say, concurred in by all the provinces.

> —the federal government will also propose that, if a province so wishes, it will be able to make with the proposed municipal development and loan board an agreement whereby the province is responsible for granting and administering the loans to municipalities, subject to such safeguards as are necessary to enable the board to report to parliament that expenditures have been properly made according to the purposes of the legislation.

This will give the provinces the broadest possible participation in the administration of the program consistent with the responsibility which the federal board must have to parliament.

The changes with respect to the scope of the program, that is, with respect to the types of municipal projects which will be eligible under the program, and the change with respect to the administrative arrangements by which the provinces can enter into an agreement to administer the loan assistance themselves, have the enthusiastic support of the provinces. In addition, we shall be proposing a change that will ensure that a disproportionate share of the $400 million loan fund will not go to some provinces because they are in a position to proceed rapidly with certain projects. We will meet this point by proposing an allocation of the fund in proportion to the population of each of the provinces. I might say that this was also enthusiastically endorsed by the provinces last week end.

Mr. Starr: Proposed by them.

Mr. Gordon: No. The hon. member interjects to suggest that this particular point was proposed by the provinces. It was not. It was proposed by the Prime Minister. I think it will not be useful to dwell any further on the detail of these changes. The hon. member seems to be looking a little sceptical and perhaps I should say another word. It was proposed by the Prime Minister in his opening statement at the conference.

Mr. Diefenbaker: Following criticism by various provincial ministers.

Mr. Gordon: I did not quite catch the remark of the Leader of the Opposition.

Mr. Diefenbaker: Is it not a fact that various provinces took objection even before the conference and the change was made following their objections?

Mr. Gordon: I do not know anything about that, Mr. Speaker, but I do know that this particular change was initiated by the federal government. I think it will not be useful at the moment to dwell any further on the detail of these changes which will, of course, be presented in the form of amendments to

be moved at the committee stage. They do not affect the general purpose and policy expressed in the bill which we are now considering on second reading. Since these changes will have the full support of the provinces they will be a further assurance of success of the proposed legislation in making a substantial contribution to employment.

With this provincial co-operation confirmed and assured I hope that parliament will deal with the legislation expeditiously. We will then be able to have the plan in operation prior to the onset of the coming winter. In this way the stimulus of the plan will be brought to bear at an early date and winter unemployment reduced. In addition, and most important, municipalities will be in a better position to plan the acceleration of their works programs for next year. This municipal development and loan fund is a short term measure to contribute to employment in the near future. We want, and when I say this I am sure I speak for all members of the house, the maximum numbers of jobs at an early date. We want a general stimulus of expansion, income and production which these new jobs will create. The early passage of this legislation seems to me one of the best ways of achieving these results.

Right Hon. J. G. Diefenbaker (Leader of the Opposition): Mr. Speaker, the remarks of the Minister of Finance (Mr. Gordon), in which he has set forth in some detail the changes in the original plan as embodied in the resolution with which this house dealt in June, indicate the degree to which the plan of that date has been changed and altered to an almost unrecognizable degree following the meeting of the dominion-provincial representatives. Indeed, the changes are of such a wide, comprehensive nature that I suggest the minister secure the opinion of the law officers of the crown to determine whether or not the second reading of this bill, changed as I said earlier almost beyond recognition, will require that the matter be brought before His Excellency so that the minister will say, as he must say in respect of all new expenditures:

His Excellency the Governor General, having been informed of the subject matter of this resolution, recommends it to the consideration of the house.

Mr. Gordon: If the Leader of the Opposition is asking me a question—

Mr. Deputy Speaker: Order; the Leader of the Opposition has the floor.

Mr. Gordon: It seemed to me he was putting this in the form of a question, and I will be glad to answer it.

Mr. Diefenbaker: The minister should know we are not in committee.

Mr. Gordon: I thought you were asking me a question.

Mr. Diefenbaker: Having exhausted his right to speak, the minister can answer later. I ask him this question now because the opinion has been given by those who are not unconversant with parliament, that it is very doubtful if the bill in its present form, without the introduction of another resolution and the former one withdrawn, will actually conform to the practices and procedures of parliament. We have had experience in that regard in the past. I raise that point by way of general introduction, and then I pass on. The minister will have an opportunity when he sums up to inform the house whether the opinion of the law officers in this regard has been secured.

The minister spoke of the enthusiastic reception that was given by the province. It was not an enthusiastic reception of what the government presented to the provinces, for by the time the provinces got through with the plan that had been presented to parliament the changes and alterations resulted in this plan, which in its original form did not have regard for the rights and responsibilities of the provinces, being different from the legislative plan which had been placed before parliament. We suggested to begin with that there should be consultation with the provinces before action was taken. The government rushed in and bull-headedly presented a resolution and a bill. Having done so, having engendered opposition in all parts of Canada from the provinces, it then convened a meeting of the provinces to consult with them. If ever there was a case of putting the cart before the horse, this was one. We asked for that and we received no favourable reception to our suggestion of the need for full consultation.

Second, having taken the stand we asked what means the government would take to raise the amount in question. As yet, we have not heard about that. We will no doubt find out as the amendments are unveiled, what safeguards have been provided for the spending of this amount. These are things that we should have known. The minister says that what took place was an enthusiastic reception by the provinces. Why would there not be? The provinces simply took the skeleton idea of the government, divested it of most of its flesh and blood, put their own flesh and blood on it and the government of Canada said, that is all right with us. Certainly if ever there was consultation in which the provinces dictated what should take place and the federal government accepted that dictation, this was the occasion.

All the provincial premiers gave approval. Why would they not? They got everything they wanted. They got $400 million. They got the forgiveness provision. They will have the right to spend practically as they wish in the municipalities, subject to whatever control may yet be revealed. It is a wonderful thing so far as the provinces are concerned. It is everything for which they could ask. How different were the provisions of the communique from the provisions of the resolution which was presented to parliament? Naturally, the provinces agreed with avidity. They accepted with enthusiasm. They will be in a position where they can, in the widely extended scope of the legislation, cover a wide variety of municipal expenditures which otherwise would not have taken place.

The scheme now presented bears little or no relationship to the original. In that connection I refer to the Prime Minister's glowing words to the Federation of Mayors and Municipalities on May 29. The resolution and the bill bear but a casual relationship to the promise that was made to the federation of mayors. This plan bears little or no relationship to anything proposed by the Liberals in the election. It now resembles the winter works program of the former government. They went all the way around and came back to the position we had taken in regard to this question on the winter works program.

The federal government produced its plan and then the provinces rebelled against it. I use that word in the sense that they remonstrated with fervour, and the government, following a pattern familiar in this session of parliament, retreated. It was not because this plan had not been thought of previously. Members of the government had been talking about it for the last several years and had it in mind ever since "Troubled Canada" was produced. I shall later refer to the plan put forward by the Minister of Finance in that famous work, because it bears very little resemblance to the present one.

The reaction of Premier Lesage to the original plan was so violent that the Prime Minister had to send a squad of ministers to appease him. What about the general plan? Is it going to provide employment? There was very little reference to the numbers, but what about employment this coming winter?

The minister said the plan of the government is to stimulate employment, but then the government plastered the tax on building materials and production machinery, which can only have the effect of stifling the expanding economy which we left when we gave up office. In addition the government has cut the winter works program.

It was interesting today to listen to one of the ministers say he did not want to predict what would happen in the days ahead, but there was an opinion given that the sales tax on building materials would not have a serious detrimental effect on expansion. The government wants to provide employment, but it has cut back the winter municipal works program by shortening the period by six weeks. That will mean an additional 20,000 persons placed on the unemployment roles at a critical period of the year, and it will require some other plan to take up the slack.

Last year, for an estimated expenditure of $400 million from federal, provincial and municipal sources, approximately 200,000 jobs were provided, and about 145,000 of these were during the 28 weeks of the program. As I say that program is to be six weeks, or 20 per cent, shorter this year.

Will it provide jobs this coming winter? I hope it does. The minister said that is the purpose and if it were passed quickly by parliament then the plans can be made and implemented. However, in his budget speech on June 13, the minister, referring to the impact of the loan, said in effect that the plan should begin to make an impression within six months to a year from the time parliament approved the legislation contemplated.

Now, Mr. Speaker, what was the plan in "Troubled Canada," because after all the period of gestation began at the time that book was produced. At page 108 of that famous work the following statement appears:

> If $500 million could be spent in connection with municipal programs of this kind within a single year it should result in providing perhaps 100,000 new jobs.

What a difference there is between the plan of today and the plan in the book. The present plan provides for $400 million, $100 million less, not to be spent in one year but over three years, and I would like to have some projection as to the jobs that will be produced.

According to the minister's own statement the program will not apply with any degree of effectiveness in a comprehensive measure on next winter's employment. Remember, Mr. Speaker, unemployment in these days was a problem members of the government said they could meet. We tried to meet it by expanding the economy, by expanding exports and trade, but it did not come about. Now I find according to the Liberal press of the last few weeks, that the unemployment of today is something that is built into the economy as a result of changing economic and technological conditions. The alibis are already started, and in all parts of Canada

alibis are being advanced in the Liberal press saying that this is a new kind of unemployment. However it is no different in 1963 than it was in 1961 or 1962, but at that time members of the present government said they could meet the problem very quickly.

We tried to meet it through the winter works program which, as I have already said, is being diminished in importance by the fact that the period is being reduced. We also tried to meet it by the vocational training capital construction program, which will terminate in October. Over a two year period this program put into effect a total expenditure of around $500 million, of which 75 per cent was committed to capital construction. That plan provided an estimated minimum of 25,000 to 30,000 jobs in winter works, both on and off site, and in the provision of supplies, materials and auxiliary construction. What is to take its place?

The plans so far advanced by the government is merely for an extension or continuation of the programs which we provided, but since the building program under the vocational training scheme is to end this year, a full year will be required for the preparation of plans and programs for any new capital construction, which means a loss of tens of thousands of jobs. How will that loss of jobs be made up? Well, there is this plan, that had to be so altered that it bears little resemblance to the one that went into the grist mill of the dominion-provincial conference.

What are the plans of the government to meet unemployment? We have not heard them yet. There is the $500 bonus for the construction of houses during wintertime, but that incentive is almost completely obliterated by the combined effect of the imposition of the sales tax and winter building costs. Then there is the incentive to employ older workers. Well, we have heard very little about that plan. The plan for 45-year olds was supposed to be a tremendous thing. We have not heard very much about that, because they are beginning to realize there is nothing effective about it in any major sense.

Some hon. Members: Oh, oh.

Mr. Diefenbaker: These are the people, though, who had the answers. They do not like to hear this. I do not blame them. They told us for four or five years, "Give us the tools and we will do the job". They got the tools, and they have produced little or nothing in the present session of parliament; there is nothing before parliament requiring attention.

What is going to be the result of the 4 per cent tax, the revised version of the 11 per cent? Well, the estimate I have seen—and it is only an estimate; it is a "guesstimate" I suppose—is that this will result in a holdback on projects of as much as $50 million. That means a loss of jobs. Sir, with the 20 per cent cut-back in municipal winter works, with the cut-off of the vocational training capital construction program in October, with the effect on municipal borrowing of the measures announced in the United States by the President—which we were given to understand had been almost entirely removed as a result of a two-day visit to Washington—the situation regarding employment becomes a very serious one. We are thus faced with the prospect of new and onerous unemployment conditions which have been brought about in large measure, not by conditions over which we have had no control but by the very actions taken by this government which in a period of two and a half months has shown an ineptness that has no equal in Canadian history. We now have no program, no policy and no action to deal with unemployment for this coming winter.

Sir, this legislation—and I will deal with it at some length when we get into committee, as others probably will—is a plan that was altered almost in its entirety as a result of meeting with the provinces. It is one that contemplates the expenditure of $400 million over a period of three years. I am informed that it will mean at the most 12,000 jobs this coming winter. I hope it means many more. I am informed it will mean no more than 25,000 jobs in the two succeeding winters. What is going to be done on the part of the government to solve the unemployment which the Minister of Labour (Mr. MacEachen) himself admitted the other day, on the basis of the estimates that were before him, will be serious? Whatever estimates were given to him when he took office will have to be increased because of the actions taken by this government in its budget, which can only have the effect of making for fewer and fewer jobs in this country at a time when the government states its objective is to increase the number of jobs. The provinces have accepted this measure. They have been consulted, as we insisted they should be. I want to see this legislation passed. I want to see action taken as quickly as possible. At the same time, we are going to examine it carefully. If it had not been the opposition taken by this party when the resolution was introduced, this government would have gone ahead pell-mell without any consultation with the provinces.

Some hon. Members: Hear, hear.

Mr. Diefenbaker: We insisted on it. They finally gave in when they received denunciations from the provinces, the most outspoken that have been made certainly within the last 25 years. Then they called the provinces together and said, "This is our plan, but what do you want? We want you to take this plan. Give us your ideas". The provinces did: the government of Canada said, "Me too".

(Translation):

Mr. Gilles Gregoire (Lapointe): Mr. Speaker, I listened with great attention to the remarks made by the Minister of Finance (Mr. Gordon) when he presented the amended version of the Municipal Development and Loan Act.

One thing seems to be the leitmotiv of his remarks. It is that this revised version, at least this amendment that the Minister of Finance wants to make, has the support of all the provinces, in short that it is with the approval and the unanimous consent of all the provinces that this revised version is submitted to us today.

Well, Mr. Speaker, I wish to say one thing. In the province of Quebec in particular there are circumstances when mistrust is deeper than in others. That is when there is a Liberal government in Ottawa and in Quebec. That is when we have to be wary. History has shown that it is precisely when there are Liberal governments in both Ottawa and Quebec that our province gets hoodwinked and is stripped of its rights.

That is more or less what happened during the last war when Ottawa asked Quebec to conclude a tax-sharing arrangement, to agree on the rental of its sources of income for the duration of the war only. We do not know what happened behind the scene, but we do know that Ottawa still has those sources of income.

Mr. Speaker, we are ready to examine the bill impartially but—

Mr. Maurice Sauve (Îles-de-la-Madeleine): Would the hon. member permit a question? He states that only the government of Quebec and the central government made certain agreements during the last war. Surely, he must remember the agreements signed by both governments which were in power in Quebec and in Alberta, a province which is so dear to him.

[Mr. Diefenbaker.]

Mr. Gregoire: Mr. Speaker, I would like you to have the earphones of the hon. member for Îles-de-la-Madeleine (Mr. Sauve) checked because I never said that only the province of Quebec had concluded agreements, but I did say that the Quebec and Ottawa governments did so. I never used the word only, because I am well aware that all provinces signed agreements, and it is still worse since the federal government has been not only depriving the province of Quebec of its sources of income but all ten provinces. Such was the opinion that one might have had of the federal government at that time.

Mr. Speaker, before being unexpectedly interrupted by the hon. member for Îles-de-la-Madeleine, I was saying that we are ready to undertake an objective and constructive study of this bill. However, you will admit that this will not be easy, since we do not have in hand the amendments which the Minister of Finance wishes to introduce.

We only have the bill that was introduced on June 17, but much has happened since then. In order to provide assistance to municipalities, the Minister of Finance told us himself that he would make some changes, but we do not know what they are.

At all events, we shall consider the measure and try to help the government, because we feel it is essential to assist municipalities in undertaking and completing works which are necessary today. In the times we live in, when tremendous and essential development is required, we must see to it that our municipalities can keep pace with progress and for that, they must undertake major works. But since they have no source of revenue, because other levels of government have them all, municipalities are unable to undertake alone the works essential in our times. That is why our municipalities need some assistance.

The initial bill seemed to indicate that the federal government was going to intrude in a field of exclusive provincial jurisdiction and provide direct assistance to municipalities under the form of loans. The government appears to have changed its mind since the loans will be made to the provinces which, in turn, will lend money to the municipalities. However, it is worth mentioning that when the central government lends money to the provinces on the conditions that the funds will be used for such

and such a purpose, it cannot be said that the provinces are entirely free.

If the province of Quebec, or any other province, borrows at the pro rata of its population, any portion of the $400 million offered to the municipalities, it is not free to do whatever it wants with the money.

Thus, if a province feels that it has projects more important than some others to carry out, it is not free to choose. The province is always more or less subservient to the federal government, which dictates the way in which the money is to be spent.

Please note, Mr. Speaker, that if the provinces borrow that money they will have to pay it back and therefore the money is loaned to them actually on their credit. They use their credit to borrow, but they cannot do what they want with the money borrowed. They must fulfil some strict conditions, at least as I see it from the bill now before us. As a matter of fact, they must respect some particular provisions imposed upon them by the federal government. In my opinion, this constitutes interference by the central government. We all agree that we must assist municipalities, but not at the expense of the liberties the provinces fought for and at the expense of municipal freedom.

Mr. Speaker, for many years, indeed for many decades, Social Crediters have been advocating a system of interest free loans to municipalities. As a matter of fact, such a proposal has been part of our political platform for several years. But the bill now before us is different in that clause 14 provides that the money will come from advances out of the consolidated revenue fund.

Now, Mr. Speaker, I would ask the Minister of Finance to explain to us what is the consolidated revenue fund. That is not really a fund, because there is no money at all in it. It is a fund without funds. There is no money in it.

In fact, the Minister of Finance will have to borrow money to make a deposit in the said fund. Or still better, as just suggested to me by the member for Charlevoix (Mr. Belanger), the Minister of Finance will create a pot in order to lend to the provinces, which in turn will lend to municipalities. As a result, the money will be in circulation but will be used only by the last borrower.

The Minister of Finance will issue bonds to create that $400 million fund and then, he will deposit the money in the consolidated revenue fund of Canada. But why always borrow from the chartered banks and from private enterprise to develop the social capital in our country, our municipalities, our provinces?

Mr. Speaker, the Minister of Finance stated that he had several amendments to move. Well, we shall also have one to bring forward, in which we shall request that the money be not taken from the consolidated revenue fund which does not exist anyway.

In fact, I challenge the Minister of Finance and all the members of the cabinet together to indicate to me a single copper which exists at the present time in the consolidated revenue fund of Canada.

And after that we are told that the money required will be taken from advances out of the consolidated revenue fund, when there is not a single cent in it. In other words, money will be taken from where there is none at all. But of course we are still using the old orthodox economic system, as we know it today and which consists in borrowing, as it has always been done in the past, from the chartered banks, which create credit in order to lend money to the federal government.

Well, our amendment suggests that instead of obtaining that money from a fund without funds, we should take it from the Bank of Canada. There are funds there, Mr. Speaker. And there are credits there which belong to the Canadian people, to serve for the development of the country.

In the Bank of Canada, there are credit possibilities which belong to the Canadian people and which will allow them to develop the country without continuously getting into debt, through progress made in every field.

Mr. Speaker, I remember that last year—and it can be found in *Hansard*—the Liberals unanimously voted for the establishment of a debt free money system. Yes, those gentlemen all voted in favour of that debt free system. Were you in good faith at that time, or just dissembling?

If, when you were sitting on the opposition benches, you meant to prove to the people that you had some good ideas, you did so by voting for a system of debt free money. But, if on the other hand, you were not sincere and just pretending, you would not be over anxious today to put that system into practice. Any way, we shall give hon.

members sitting on the government benches the opportunity to prove that they were sincere—

Mr. Deputy Speaker: I am sorry to have to interrupt the hon. member, but I have to remind him that he should address the Chair, when making his speech.

Mr. Gregoire: Mr. Speaker, I think that hon. members who are now sitting on the government benches have today the opportunity to prove that they were sincere when they voted in favour of a debt free money system.

Mr. Speaker, I am surprised to see the evolution happening on the government side. Sometimes, I get the impression that the ideas sown by others flow over their heads like water from a duck's back. But when discussing with them, one is often asked: Your system is quite sensible; I think that there is some good in it. Only, my wife has some victory bonds or savings. Does it mean that she will get no more interest?

Mr. Speaker, we note a certain interest for our system. People begin to notice that it is not as ridiculous as they thought. Well, I shall give them exactly the same answer that I gave on several occasions to those who asked that question. We are not advocating a system where the Bank of Canada would finance every development throughout the country. No. No, but we want the Bank of Canada to act as a medium that will create the credit required for the development of our country, which means that it is public works, and not industries and manufacturers, companies and business concerns, in brief it is not the private sector that accounts for the development of the economy of a country, but the public sector. Municipal works belong to that sector, since they are useful to the community, and also provincial and federal works, for the same reason.

Well, as I said, those works are useful to the community; they make a country richer and bring prosperity.

Why could we not use also a public agency to create the public capital that would be used to pay the cost of that progress which helps the community? By doing so, we would not be compelled, as we are today, to borrow and pay interest and to repay to private enterprise, money which we are using to develop public capital in this country and stimulate progress in the public sector.

[Mr. Gregoire.]

Mr. Speaker, this is an important amendment and we are going to move it. Whenever we, of the Social Credit party, were speaking of municipal loans, we always added the words "through the Bank of Canada" and "at the expense of the administration". The Bank of Canada is an organization subject to government, to the crown, or rather to parliament. It is an organization that has been created by parliament, of which we are members.

The Bank of Canada exists today because members elected by the people in a democratic way stood up one day in this house and voted for the establishment of the organization which we call "The Bank of Canada".

The Bank of Canada comes under parliament since it was established by parliament. It belongs to the Canadian people and we are responsible for it because it was set up and it operates by virtue of a federal statute.

Therefore, if we carry the responsibility for the bank, let us make sure that it fulfils the purpose for which it was established, that is to help in the development and progress of our country in the field of public facilities.

Mr. Speaker, I submit that if we were to take the money from the Bank of Canada instead of borrowing it from private enterprise and chartered banks and put it in the consolidated revenue fund, there would not be one penny more in circulation in Canada and there would be no danger of inflation.

That would not cause inflation. The Minister of Finance knows full well what inflation is, since he gave us a sample when he established the tax on building materials which has caused the price of buildings to go up and depreciated our dollar. That is inflation!

The Minister of Finance knows what inflation is, Mr. Speaker, because he takes steps which will cause inflation.

I would not look kindly upon any member opposite who would claim that inflation is caused by Social Crediters because they themselves are the ones responsible for it.

Inflation is something which is blown up. It is inflated money, like a blown-up balloon. The government's 11 per cent tax is such a balloon. In other words, before long our dollar will be worth nothing.

That is why we call on the government to secure its money from the very source of money, the Bank of Canada. That will not create inflation because there is inflation only

when there is too much money in circulation for the quantity of products available.

Now, the Bank of Canada would issue $400 million of credit, but only at the same rate as municipal development.

The Minister of Finance is an accountant, Mr. Speaker, and when he first came to the house, he was known to be the best accountant in Canada. He must know then that in accounting there is a column for assets and another one for liabilities. The entries in those two columns must balance, and then everything is fine.

I am not quite as good an accountant as the Minister of Finance, but I was able to learn that much in the few classes in accounting that I attended. If the Bank of Canada were asked to put credit in circulation at the same rate, not more rapidly or more slowly, but at exactly the same rate as the development of our municipalities, results would be much more satisfactory. For example, when a muncipality builds a $5 million sewer, $5 million are added to Canada's assets. Then, unavoidably the Minister of Finance will add $5 million in the other column. This means that if the Bank of Canada does such a thing, there is no inflation, since the credit is proportional to the product.

If on the other hand, $7 or $8 million were put in circulation, while development projects in our country would only amount to $5 million, we would unavoidably put too much money in circulation and thus create inflation. Then would appear a few individuals to do as the public relations officers of the Liberal party did at the last election and say that money would become valueless.

Well no, that is not true if, as we increase the wealth of this country by building roads, hospitals, bridges, sewers, water systems, we create the required credit at the same rate, neither more nor less, but only what is needed to pay for the country's development. Then, you do not create inflation.

Mr. Speaker, the money used to pay for all that is but a sign which represents all those developments, which are the things signified.

Money is a sign, an index like the quicksilver found in a thermometer. The mercury rises or falls as the temperature goes up or down. A week ago, in Ottawa, it was very hot; so, up went the mercury. Now that it is not quite so hot, the mercury is going down. As the temperature goes, so goes the mercury.

Money should act the same way in relation to production. The Bank of Canada should see to it that the amount of money in circulation is constantly kept in balance with production and the development of our municipalities, thus keeping pace with the progress we want for our country. Money must follow the progress of the country and the accrual of the wealth in the country, neither more nor less, but at the same level.

Money must play its role, that is the role of a symbol, and represent adequately the thing signified, the products to be called sewers, waterworks, or anything of the kind.

Mr. Speaker, if we were acting that way and accepting, one of these days, to see that money follows production instead of trying, like we do today, to make production follow money—which is illogical, I may tell you, at this time, Mr. Speaker, that with the will, courage, determination, capacity and ability of our workers, of our builders, of our contractors, with all the goodwill of our aldermen and school boards, we could develop this country and see to its progress. Money always being there to follow, it would be neither an obstacle nor an impediment to this country's development. It would be a help.

But we always hit an obstacle, a real one. There is no money and no credit, whereas we would be able to develop the country.

The best example of such an attitude, Mr. Speaker, was when the Minister of Finance, in concluding his speech, spoke of a maximum number of jobs at an early date.

Four hundred million dollars for three years. If the province of Quebec takes its share, it would be about $120 million for three years, or $40 million in one year. How can the Minister of Finance expect to reach maximum employment with $120 million for three years, or $40 million for one year in the province of Quebec, at a time when we had only a few unemployed and practically full employment at 100 per cent, more than $22 billion were spent in five years—i.e. $4,500 million, and not $400 million, in three years. Full employment was successfully reached by spending a hundred times that much during the war, and today we hope to create maximum employment at an early date by spending only one thirtieth part of the amount made available to the municipalities.

Well, Mr. Speaker, let me repeat, for the benefit of the Minister of Finance, what I said yesterday to the President of the Privy Council (Mr. Lamontagne): they come to us with all sorts of legislation which they have worked out in their heads in their committee sittings, but let them go ahead for two years with all their economic or orthodox theories, and in two or three years from now they will be very much surprised, throw up their arms and say: "It did not work, we studied it for a long time, but it did not work."

This is likely to happen, Mr. Speaker, if we do not accept to change the system and to pass legislation beneficial to municipalities. We should spend not only $400 million in three years, but a good deal more in order to give work to more than a few hundred people.

Four hundred million dollars for three years, that means, on a pro rata basis, $40 million a year for the province of Quebec. If one considers that, in a public undertaking, hardly 20 per cent of the money goes for wages, that represents only $8 million.

Mr. Speaker, this is not much. How many jobs will be created? If it is estimated that employees earn $4,000 or $5,000 a year, this is scarcely good for 1,800 employees or 1,800 fewer unemployed. Now, there are far more than that in my constituency of Lapointe. That means that 70 other ridings will be left with the same problems they have now.

An hon. Member: I want some too.

Another hon. Member: Me too.

Mr. Gregoire: I hear some members say that they want some for their ridings too. There is barely enough for mine, Mr. Speaker.

If the Minister of Finance intends to get his credits from the Bank of Canada, he can ask the house to vote the amount he needs and we will do it, because then the money will be coming from the Bank of Canada, which is a government institution. Let us not pile debts on the future generations and put on their shoulders a burden similar to that under which we stagger today when we must pay $910 million a year in interest on the public debt. Why? Because we have always taken our money in a fund without funds, that is the country's consolidated revenue fund. There was no money there. Expenditures have always been charged to the consolidated revenue fund in Canada and, this year, the interest on the public debt totalled $910 million.

We will study the legislation objectively. We have an amendment ready but, before presenting it, we hope that the Minister of Finance will agree to do so himself. I seem to understand that it would be logical, even more so because I was proud of him last year when he rose to vote for that motion about debt free money.

Mr. Speaker, the present Prime Minister (Mr. Pearson) also rose to support that motion and, at that time, all the other Liberal members cheered; they cheered and so did we. But I have faith in their sincerity, in their political and intellectual honesty. In any case, that will give us an opportunity to judge them. We are suggesting to them to set up, at least in a limited way, a system of debt free money under that new legislation.

Mr. Speaker, I have other arguments that might encourage the present cabinet to do that.

I am not too sure whether there is in this government members of the 1940 cabinet, or if there are still members who were here in 1940. Those may remember that the government of that time did exactly what I am suggesting tonight when it requested the Bank of Canada to create the first $200 million to finance the beginning of the 1939 war.

Gentlemen of the Liberal party, if there are among you any members of parliament who were in the house in September or October 1939, they remember well that they voted for exactly what we are suggesting tonight. But at that time the amount was $200 million. As times have changed and money has lost some of its value, it would be normal that we vote $400 million today.

Furthermore, if we have been able to do that for the war, why should we not be able to do it to help solve the problems of our country. The Minister of Finance could then say he is really financing and that he actually is assisting municipalities without having to think all the time that he will have to come before us again next year thinking: We will have more interest to pay this year because we had to put money in a depleted fund.

Mr. Speaker, this is my conclusion and I submit to the goverment that even if they must spend night after night to consider this amendment,—because it is their respon-

sibility to find new ways of financing public works—I feel that the suggestion we are making tonight will be advantageous to them.

Mr. R. W. Prittie (Burnaby-Richmond): Mr. Speaker, it is always difficult to speak after the great orator from Lapointe (Mr. Gregoire).

(Text):

I shall not deliver a lecture in economics, Mr. Speaker, but will try to keep to the bill under discussion. We have our ideas about banking and finance too, but in the interests of getting the legislation through I think we should confine ourselves to what is contained in the present municipal aid bill. When we in the New Democratic party spoke on this legislation at the resolution stage we thought generally that there were sufficient safeguards for the provinces. Every proposed loan had to be approved by the department of municipal affairs in each province. We felt this was sufficient. However, there were complaints from the provinces and when the government was faced with a unanimous vote of the legislature of the province of Quebec they had to take some note of this fact. We were pleased to see that the conference was a success. I do not find very much in the Toronto *Telegram* which to my mind is worth quoting but I think an editorial in the issue of July 30 has some merit. It reads in part as follows:

> Possibly most important of all, the compromise on the municipal fund created a new and healthy atmosphere for federal-provincial co-operation, which may be next felt in discussions on the proposed federal portable pension plan later this year. The 11 governments have got over one hurdle; why not another?

We are very pleased to see that the government has broadened the scope of the bill and that hospital and school construction may now be included under the loan provisions of the legislation. We and other opposition members said during the debate on the resolution that this should be so. If the government would listen to the opposition more frequently they would get some good ideas, but they have been persuaded by the provincial premiers on this point. However, broadening the scope but without increasing the amount of money will mean simply this, that the available money under the bill will be used up a great deal more quickly than it would otherwise be. The provision in the bill is to the effect that the amount is to last until March 31, 1966. I suggest this fund will be used up, particularly since the scope has now been broadened, much before that time.

One of the important things is that the minister has said funds would be allocated to the provinces on a per capita basis. I know that some particular method has to be worked out, but I am not entirely sure that this is the best method. The three provinces which have the greatest population, I think, are three of the richest provinces in the country and the ones which can best afford to help their municipalities. The Toronto *Globe and Mail* of July 29 pointed this out. I should like to quote in part from the editorial on this subject.

> One alteration in the legislation must be greeted with reservations, that which will allocate funds to the provinces in proportion to provincial population. The purpose of the bill is to provide jobs for the unemployed, and the distribution of funds should surely, therefore, be related to the incidence of unemployment within a province. The money was raised in the provinces. If it is now to be turned back to them on a basis of population, there will be little recognition of the differing employment needs of different parts of the national community. It will be merely another handout.

I had rather hoped, Mr. Speaker, that the minister would have announced some changes in clause 7 of the bill because, as I see it at the moment, it is quite unworkable. I do not know who drafted it but there have been a great many complaints about it. They are trying to establish the fact that a municipality can only borrow money for works which would not have otherwise been undertaken. Now, many municipalities, particularly the larger ones, plan well in advance. They lay out capital works programs. They know what they want to do and they cannot include very much else. The council of the city of Vancouver has complained about this. They have said it may encourage deception. I feel this clause should be looked at very carefully because it is unworkable.

Now, Mr. Speaker, there is another aspect of this matter to which I should like to refer. So far in the discussion about municipal aid, the federal government has been considered as the villain of the peace. I think the provinces bear some responsibility. Many of the provincial governments have not been notably generous in providing aid to their own municipalities. This is particularly true in relation to the larger urban centres in which many of the people of Canada live. They are very quick to criticize the federal government, but they are not so quick to aid the municipalities which need it most, the municipalities in which we find this tremendous concentration of people. These are the ones that have large costs which go with a rapidly expanding population.

The Ottawa *Citizen* of July 30 pointed this out, particularly with reference to the province of Ontario. I would say that it certainly applies in my own province, too, because the government of British Columbia is not too generous to the municipalities, particularly the larger ones. The *Citizen* had this to say:

> Alternatively, the Ontario government could relieve the municipalities of obligations such as

social welfare expenses and part of their education commitments, leaving real property to pay for the installations that benefit property, such as roads, sewers, and police and fire protection.

Understandably, Mr. Robarts did not state this alternative, which would require a new financial relationship between the provinces and the municipalities. But the welfare and education obligations assumed by the municipalities are imposed by provincial law. The province on the one hand gives the municipalities no choice except to assume these duties, and on the other hand does not allow the municipalities sufficient revenue sources to discharge their obligations, without placing an extremely heavy burden on real estate and discouraging home ownership.

A new provincial-municipal relationship is long overdue. In its essentials, the current set-up was founded many decades ago, when urban centres were relatively small, and when social welfare and education costs did not consume much of the average municipality's budget. Today, they account for more than 50 per cent of the operating costs of the larger cities, including Ottawa. Mr. Robarts could contribute much to Ontario's welfare by removing this distortion.

I merely mention this because we hear much about a new federal-provincial relationship in connection with financing. I think the provinces could look within their own boundaries and look for a new relationship with the municipalities generally.

The Minister of Finance (Mr. Gordon) has again emphasized the purpose of the legislation, that is to provide the maximum number of jobs and at an early date. I shall just take a moment to repeat a criticism which we made at the resolution stage. There is $400 million to be spread over three years, or $133 million a year for all the municipalities in Canada. This is not a large amount. It will help, but it will not make a strong impact on the employment situation. I feel the government will find that it will provide a limited number of jobs and they will have to take another look at this next year.

Now, in order to assist the quick passage of this bill, because the municipalities are anxious to make plans for the coming winter and because the administrative machinery must be set up within the provinces to handle this, I can assure you that the members of the New Democratic party will not speak too frequently nor too long on this measure. We have made our views on it known. We are anxious to see this measure in operation as quickly as possible. I am glad that the principle of providing aid to the municipalities, to the provinces, has been established. We hope that in the years to come this will grow to a much greater extent than it is now.

(Translation):

Mr. Herman Laverdiere (Bellechasse): Mr. Speaker, I take it as my duty to rise in this house to support the bill that is now before us.

[Mr. Prittie.]

This measure, more than the others that have been previously discussed, concerns directly my constituency.

Mr. Speaker, the county of Bellechasse is mostly rural and the dairy industry is the main means of livelihood there. For the last few years particularly, the farmer's income, especially in the district I am more familiar with, namely the one that lies on the south shore of the St. Lawrence, from Lotbiniere to the Gaspe peninsula, has been very low. Especially in these last few years, some farmers must really have had great courage to stay on their farms.

Municipal and school taxes have become too heavy a burden in most municipalities; so, certain improvements and works which are needed, and even urgently needed in several parishes, must be delayed in order not to raise municipal taxes which are already too high.

Our municipalities will welcome this legislation which will enable them to undertake improvement of their waterworks, a problem in several places, repair or construction of sidewalks, development of adequate parking lots for public places, improvement of sewer systems and other public utility projects. I hope that the province of Quebec will also apply this plan to the building of civic centres where young people especially will be able to receive a good training while spending their leisure time in sound recreational activities.

I insist specially on that last point, because rural municipalities cannot, by themselves, support the cost of such buildings; on the other hand, it has become a necessity to enable every parish to organize recreational activities so that our splendid rural youth, which are very talented, do not wallow in amusements more or less perniciously organized by profiteers. The whole rural population wants well organized civic centres and rural municipalities do not have now the financial means to develop them.

The towns concerned will take advantage of this legislation, but Mr. Speaker, we must first of all think about our small rural property owners, especially in the area I just mentioned, who deserve a certain comfort without having to bleed themselves white in order to improve public services. The rural people's request should have priority, because of their present financial situation which is quite unsatisfactory as compared with that of large centres.

As far as these loans are concerned, let us think less about the municipalities which have a substantial budget, and more about those which are heavily involved in debt and where the public services are a sorry sight, particularly when compared to those of large centres. The rural population also deserves our full attention, and I strongly suggest that loan-granting authorities give it top priority.

A comparative study of public services in towns and villages, in relation to municipal taxation, would soon show that the small rural property owners must be helped first.

The benefits to be derived from this legislation will be twofold, as many unemployed people will find jobs thanks to the municipal work programs. Rural unemployment is more prevalent than one would think, for many jobless people are not listed with the unemployment insurance commission, or with the various federal or provincial employment offices.

That is why I am very happy about the agreement arrived at between the federal government and the provincial governments, and more particularly Mr. Lesage's delegation, because the province of Quebec will be entitled to a full share of this remarkable assistance program, which was long overdue. We must help our rural communities for they deserve it as much as our cities. They are showing signs of impatience, and I can not say I blame them for it.

(Text):

Mr. G. L. Chatterton (Esquimalt-Saanich): Mr. Speaker, my remarks will be brief. There are three points I would like to make on this proposed legislation. The first concerns the approach of the government to the whole problem of federal municipal assistance, the second deals with the philosophy of federal assistance to municipalities, and the third is with regard to the scope of the proposed measure.

In dealing with the first, the question of the government's approach, as soon as I received a copy of Bill C-76 I immediately sent copies to all the municipalities in my constituency and to certain key officials in the department of municipal affairs of British Columbia. Then I paid a visit to my area early in July and contacted these same people. I was amazed to find that not only were the senior officials of the department not consulted but by that time, which was about July 5, they had not received copies of the bill, and I found, certainly with regard to preparation of the bill, that these people had not been consulted.

I am sure if they had been consulted—and this would apply to every province of Canada —what would have come out of the mill would have been completely different from this bill I have in my hand and, as I surmise the new bill will be, when it is amended in committee. For example, I understand from the general comments made by the minister that the provinces will be given an almost completely free hand in how the money is to be used. However, does the minister realize that if it is permitted for municipalities to use it for school construction, this would not apply in British Columbia because in that province municipalities do not spend money on the provision of schools? In some provinces municipalities are able to borrow money from the federal government to finance school construction, whereas in British Columbia they would not be able to do this.

I would submit that even with the forced, rushed conference they had last Friday and Saturday, the results that came out of that did not represent what might have been achieved if there had been formal consultation with the provinces, and through the provinces with the municipalities. If that had taken place the program would have been completely different.

My second point concerns the philosophy of federal assistance to municipalities. When he introduced the resolution, and subsequently, the minister said that the prime and only purpose of this legislation is to promote employment. That is a commendable objective but it does not go far enough. I think we all realize our municipalities need help, and it is true they are the creatures, the offspring, and the responsibility of the provinces, but yet there are certain phases of municipal problems that become national problems.

When this party formed the government our approach was in certain selective fields of municipal problems which became national problems, and for which the federal government gave assistance. I have in mind our assistance to municipalities for the control of water, and sewerage pollution. It was strictly a municipal problem in most cases, but it was a problem that had national implications. Therefore the former government said, "We will assist municipalities in this special respect so as to solve the problem, which is one of a national nature."

There is no such approach in this legislation. It is supposed to be strictly for the purpose of creating employment. This is regrettable, and if there had been advance consultation with the provinces perhaps what would have resulted would have been legislation not only to assist employment but also to assist municipalities in those problems which have become of national significance.

My third point deals with the scope of the proposed measure. I remember so well that, during the election, one of the government's main planks was vast assistance to municipalities. At that time it was not supposed to be merely for the purpose of creating employment. It was to assist municipalities. I know that in my own area the municipalities thought this was going to be a tremendous source of revenue to them, with loans at low interest for almost any project they wanted to undertake.

Let us compare this proposal with some of the measures which the previous government took, in order to get an idea of the scope of the proposal in relation to the whole question of municipal problems. The maximum amount proposed by this legislation is $400 million to be spent over three years. Some time has elapsed since the resolution was introduced, so really only 30 months remain. So at that rate $400 million over 30 months would allow for loans to municipalities of about $160 million a year. Since the loans are to be only two thirds of the cost of the projects, the total value of the projects financed by this measure would be $240 million per annum. That is to say, $240 million per annum would be the total cost of the projects covered by this proposal.

The winter works incentive program of last year covered work of a total value of—

Mr. Gordon: Mr. Speaker, I wonder whether the hon. gentleman would allow me to ask him a question. It seemed to me that his arithmetic was somewhat in reverse. The $400 million represents two thirds of the projects, so that the total volume of the projects is $600 million, and not less than $400 million.

Mr. Chatterton: Mr. Speaker, either the Minister of Finance does not know his arithmetic or he was not listening to me. I will repeat what I said. I said the total amount was $400 million. I gave the government the benefit of the doubt by leaving only 30 months rather than the three years envisaged when they introduced the resolution. That is $160 million a year in loans. Since the loans are two thirds of the cost of the projects, the cost of the projects is $240 million per annum. That is exactly what I said the first time.

I make my point, Mr. Speaker, comparing this proposal with just the winter works incentive program of the previous government. Under this proposal the average cost of the work per annum would be $240 million. The cost of the work under the winter works incentive program last year was $246 million; in other words, the value of the work covered by the winter works incentive program was more than this whole, vast assistance program to municipalities. Furthermore, the winter works incentive program generally by its provisions covered work which was of a high labour content. According to the last annual report of the Department of Labour, the average labour content of the work covered by the winter works incentive program was 31 per cent. I would say the average labour content of the work to be undertaken under this proposal would be in the order of 20 per cent. In other words, the total effect of this program on the question of employment, apart from anything else, would be much less than that actually proven by the winter works municipal program.

Then, of course, municipalities are interested in the forgiveness of the loan. Just compare this proposal with the forgiveness under the winter works incentive program. The forgiveness under this program would be in the order of $40 million a year, which is 25 per cent of $160 million; whereas the direct federal contribution last year under the winter works incentive program was $40.822 million. Therefore for that reason also the winter works incentive program alone had a larger beneficial effect than this vast proposal to assist municipalities.

Over and above the assistance we gave to municipalities by way of winter works incentive that I have mentioned were the loans for municipal sewage under section 36 of the National Housing Act. Under that provision last year the federal government made loans to municipalities of $45 million and the value of the projects covered by those loans was $67 million. Keep in mind that under the measure of the previous government we did not assist the whole sewerage program of the municipalities; it was only related to the treatment plant and certain trunks, so that the additional work which the municipalities provided over and above what we gave was considerably in excess of that figure.

Again, Mr. Speaker, looking at the question of the scope of this program and coming back to my first point, that the municipalities are the responsibility of the provincial governments, we must never forget that during the term of office of the previous government payments to the provinces vastly increased, from something of the order of $700 million in 1957 to almost $1.5 billion in 1962. That means a payment to the provinces of some $800 million more in one year, 1962, than they got in 1957. It is true that there was no compulsion on the provinces to assist the municipalities; but surely this additional payment to them by the federal government should have placed the provinces in the position of assisting the municipalities. I am sure no one here will deny that the municipalities do need assistance. They are the creatures and

responsibilities of our three levels of government. They have limited resources. Their major resource is the property tax, which most people are finding too burdensome. They do need assistance, but let not this government or anybody else think this proposal is going to be an answer to the problems of the municipalities.

Mr. J. J. Greene (Renfrew South): Mr. Speaker, first of all on the constitutional aspect of the proposed amendments I would say it was particularly gratifying to see in the official communiqué the statement of the right hon. Prime Minister (Mr. Pearson) that the solution which was arrived at in the present case and which fitted the needs of the present case, the need of pumping this money into the national economy as quickly as possible in order to create work this winter, would not necessarily be the type of solution for future provincial-federal relationships in financial matters of this kind. I think there are many of us who believe that, if we are going to solve our basic national problems, even a country of 19 million or 18 million people is too small an economic entity to do the job properly and to plan the job properly. I think the economic history of the world today, the growth of the common market by very reason of the fact that the populations there were not sufficient for good planning are, surely, indicative of the fact that we need a strong central government in order to solve these problems of economic development and unemployment in the long run.

I do not think it will effect a permanent or a good solution if in these matters the federal government is purely a bank that collects the money for the purpose of distribution to the provinces. I do not think we can plan in the long run for a good solution to our economic problems on that basis. It was therefore most gratifying to see these words of the right hon. Prime Minister in the communiqué.

With respect to the bill itself, Mr. Speaker, I would like to speak on the employment aspect. I think we cannot take this bill as standing alone; I think we must consider it in its relationship with the entire government plan as enunciated in the speech from the throne. We have seen by that plan that the government proposes to build three vehicles for the long term solution of the unemployment problem and for the expansion of the economy, which will contribute to the solution of that problem. In the first instance we have for the long haul the powerful Mack truck of the plan, the economic council. This will be good for the long haul as we plan our growth and development in future years, so that in the long term the solution will be available. In the second place we have the reliable family vehicle, the Department of Industry, which will contribute to the solution of these problems in the immediately ensuing years. Then the present bill is the fast-starting sports car with which immediate employment is to be carried. I think from the standpoint of the constituency which I represent I should consider whether this fast-starting vehicle will be effective in my area. I would point out that in areas such as I represent a great number of the municipalities are small and extremely poor. I have been somewhat troubled in this house by the impression which seems to have been created that because the southwest and central parts of Ontario are apparently very prosperous and thriving, that all of Ontario is wealthy and does not require help. Nothing could be further from the truth. I was most pleased to see the enactment of the Atlantic development board legislation whereby the Atlantic provinces will be helped in their economic plight to the tune of some $100 million; but I trust that there is no thought that areas of Ontario are not in just as bad a plight economically, and from the standpoint of unemployment, as even the most abject areas of the Atlantic provinces. In this regard I would be very pleased to invite any hon. member of this house, or in particular any hon. member from the front benches, to my riding, and with our new emolument he can make the trip at my expense; it will be on me. I think that such a trip might be useful and illuminating to any hon. member who has the idea that all of Ontario is a land of milk and honey and is thriving the way western Ontario is, because such is not the case. In my area the municipalities are to a large degree too poor to afford to take advantage of this particular bill.

This afternoon, Mr. Speaker, I did some research with the aid of what is known as the blue book of the department of municipal affairs for the province of Ontario. The house might be shocked to learn that many of the municipalities in my riding have very low assessments. For example, the township of Brougham has a total assessment of some $160,000. The township of Bagot and Blythfield has an assessment of some $400,000. Even our larger towns, such as Eganville and Barrys Bay have respectively total assessments of some $700,000 and $400,000. I was further shocked to discover that one municipality had an existing debt of nearly 50 per cent of its total assessment, while a municipality having three times the assessment of this particular municipality but located in western Ontario had a debt of less than one-half of the particular municipality to which I refer. This is the kind of problem we are

facing I think it is obvious that a municipality with a total assessment of some $400,000 or $160,000 cannot possibly take advantage of this bill for the purpose of creating employment.

In my riding there are only two municipalities of any size, the town of Renfrew and the town of Arnprior, and it might be thought that they could take advantage of this bill in such a way as to create large projects providing employment, the benefits of which would flow outwards to outlying areas. In this regard I would point out that the municipal board of the province of Ontario has a rule that a municipality cannot borrow more than up to 20 per cent of its assessment. This is a sound rule in order to make the municipalities financially responsible and able to pay their debts. Such being the case, these two larger municipalities, in order to provide the services already required, have borrowed almost to the full limit the amount they are permitted to borrow by provincial municipal law. I can only suggest that there may be room here for some of this good will and liaison between the provinces, and particularly the province of Ontario, and the federal government in the administration of this measure so that this rule can possibly be abrogated or expanded to some extent so as to permit greater flexibility in this regard.

These municipalities are already burdened to the point where the municipal tax load is almost intolerable and a further charge on the municipal ratepayer may be more than he can bear, even though the act could be stretched so as to permit borrowings beyond the 20 per cent limit. So I suggest that the bill as it stands is not going to be that short term, fast pick-up vehicles that it was said to be to create immediate employment in municipalities such as those in my riding.

I would suggest to the minister, with respect, that he might consider an amendment which would possibly help an area such as mine. I suggest that if the main purpose of the bill, as I understand it to be, is to create immediate employment and allay the suffering caused by unemployment in the coming winter, the "forgiveness clause" should be broadened; that there should be an escalator aspect to the "forgiveness clause" so that in areas where the bill as it stands now is practically of no use, even though the unemployment problem in those areas may be grave, a greater percentage than presently contemplated is allowed by way of forgiveness. In this way, in conjunction with provincial grants the bill will be of some value.

If this cannot be done, then in all fairness the government must consider alternative measures for areas which are patently too poor to take advantage of this bill as it stands. There are certainly provisions in the bill which make it very clear that it will be of great value in combating unemployment, for example in areas like Montreal. I note that the subway provision is probably applicable only to the city of Montreal; no other municipality in Canada could take advantage of it. I think the cities of Ottawa and Toronto will probably find some solace in this measure with regard to their unemployment; but to the municipalities which are too poor to take advantage of it, and where works of a public nature are probably needed even more than in the large urban centres which will be able to use the act, I suggest that some alternative relief must surely be provided if we are going to give a surge to the economy and create employment during the winter before us. Otherwise these big and wealthy municipalities which already have more services than the impoverished ones will get even more services, and the rich will get richer while the poor will just get poorer.

I commend the government for bringing in a measure of this nature. I think that along with the other vehicles it is a step in the right direction. It is a plan for the ultimate solution of the grave canker on our national economy—the continuing unemployment problem. I do not think that any plan or group of bills is the ultimate and permanent solution to our unemployment and other national problems. I think that if we were to say to the people of Canada: "In this country there are 500,000 people who are lame, halt and blind, and we are asking you, the people of Canada, to do something about it by paying a little more and tightening your belts in order to help these people", the people of Canada would be only too quick and ready to respond. I suggest that our half million chronic unemployed are the socially lame and halt people of our present body politic, and I suggest that the people of Canada, given the problem, given the leadership and told fairly and frankly the price of solving that problem, would be only too happy to do so.

I do not think this can be achieved by any ready solutions. I do not think there are any sure shibboleths or pat panaceas which will solve all these problems. I think politicians have been largely to blame for the myth which has been promoted, that political parties by the use of some magic wand can cure these ills. I think the cure is likely to be a hard one but I believe the people of Canada would be prepared for a hard cure if they were given the leadership and given the honest picture.

I think we must redefine our national objectives. If we want full employment, if we want more universities, if we want a greater percentage of our total production to go into the public area instead of into the private area of our economy, we must be prepared to pay the price. It may be that the workingman will have to forgo shorter hours; it may be that the taxpayer will have to pay still more income tax; it may be that dividends will have to be clipped a little. But we shall be deluding the people if we try to convince them that by some magic formula all the ills affecting our economy will disappear.

I think it is time we ceased permitting Madison avenue to define our national objectives. It may be we shall not be able to have as many power motors, as many outboard motors, as many two-car families. It may be that these symptoms of the "cola" age are not what this country needs. It may be that in redefining our national purpose we shall find that there is a price to be paid. Maybe we shall see that one of our essential needs is to rehabilitate those unfortunate half million people who are unemployed. I believe that if the people were given the facts and told the price they would be ready and willing to pay it. I commend the government for providing a vehicle and I hope they will continue to lay the facts before the people in order that a solution may be found. As long as this is done I think we shall be on the broad, good road to the new Canada of tomorrow that we all desire.

(Translation):

Mr. Remi Paul (Berthier-Maskinonge-Delanaudiere): Mr. Speaker, under no circumstances would I have missed the speech made tonight by the Minister of Finance (Mr. Gordon). As for me, I was greatly impressed. As a matter of fact, I find him very likeable because he shows a great deal of courage in his retreats, and I feel that the statement he made tonight is another retreat. We shall see in what respect in a few minutes.

Moreover, I sympathize with him because I fear that before long he will be retired as Minister of Finance.

When we examined the speech from the throne, we were concerned from the very beginning about the threat that might contain the legislation the government intended to introduce in the house, because we thought that provincial jurisdiction could be involved. That is why, at the beginning of the session, the hon. member for Brome-Missisquoi (Mr.

Grafftey) asked the Minister of Justice (Mr. Chevrier) whether he or the government had had any consultation with the provinces about the proposed municipal aid program. At that time, the Minister of Justice answered:

> Mr. Speaker, I am not aware of any communication of the kind mentioned by the hon. member.

On June 13, when this measure was brought before the house, the Leader of the Opposition (Mr. Diefenbaker) warned the government about the danger involved in that resolution if it were not first submitted to the approval of the provinces.

We put questions to the Minister of Finance. We tried to learn whether the provinces had been consulted in that respect. We did not get any answer and I said:

> There must be no infringement or control over municipal autonomy. We must rather find a way to help the municipalities in the greatest respect of the constitution in order to improve economic prosperity and finally find a solution to the unemployment problem. But the most important point, Mr. Chairman, is to respect the Canadian constitution.
>
> I submit that we should, before the final approval of the proposed legislation, obtain from the minister all the information required. We should like to know whether the provinces have been consulted. This is the cornerstone on which this measure should be built; otherwise, we would not have the right to carry on further consideration of this proposed resolution, as it would infringe upon provincial autonomy.

When the provincial premiers were informed of that resolution, official protests were raised. And at this stage, let me recall the forcible protests made by the premier of the province of Quebec, Hon. Jean Lesage, and by the minister of municipal affairs, Mr. Pierre Laporte.

And the position became so untenable that the right hon. Prime Minister (Mr. Pearson) saw fit to convene a federal-provincial conference which was held during the last week end. But the situation was so complex that the Minister of Justice went down to Quebec at the expense of the public treasury to have a discussion with Premier Lesage. The discussion was of a private character. What subjects were discussed? We do not know.

And when Mr. Lesage had condemned this resolution put forward by the federal government, the Canadian people wondered whether the Quebec provincial authorities were sincere in pointing out to the federal government the dangers of this legislation which constituted an encroachment on a provincial jurisdiction.

And when the provincial premiers met, we know that the problem was not settled the very first day of the conference.

Two main questions were supposed to be on the agenda, namely the establishment of a contributory pension plan and the bill to give financial assistance to municipalities.

Well, the discussion on the first subject had to be postponed and then we had a press release in which the Minister of Finance stated: "There has been perfect agreement on the proposal of the federal government."

But why bring such changes forward tonight—amendments we know nothing about? We do not know what will be the amendments which the Minister of Finance will submit. And yet, everything was supposed to be complete and perfect. Everything had been foreseen. The federal jurisdiction had been considered since the Minister of Finance told us on June 17 last:

> As I have already pointed out, we have worked out the contemplated programs taking into full account the constitutional rights of the provinces.

Then, who was wrong: the Minister of Finance or the provinces? If the provinces were not right, why then that federal-provincial meeting? So the provinces were right, since the government is now retreating. To what extent—we have yet to find out.

At this stage, Mr. Speaker, may I draw your attention to the legal validity of such amendments as will be submitted tonight, for we do not know yet whether we shall adopt that provision of the resolution which provides for the creation of the municipal development and loan board. What would be its use, Mr. Speaker? One wonders. On the other hand, if the board were abolished, the whole spirit of the resolution discussed in the house on June 11 would be changed. What right have we to give a bill second reading, if we modify the very essence of the resolution which has been studied previously? That is an interesting point, Mr. Speaker.

There is another question we might well ask ourselves. Would the granting of the concessions mentioned by the Minister of Finance not enable the federal government to encroach upon provincial jurisdiction, as this is yet another joint program?

The faulty part of this measure which we may have a chance to have a look at before the evening is over, is that we still want to bind the provinces, namely to subject them to conditions that would be required by the federal government. Then, the provinces will not be able to act freely nor to carry out freely projects of such a nature that they would meet the serious unemployment problem.

I was listening a while ago to the hon. member for Renfrew South (Mr. Greene), who was suggesting alternative assistance to municipalities that could not take advantage of this bill. I wonder if the best alternative would not be to change the government?

When we were in power and unemployment reached an acute state, we took measures that have been effective and were partly successful in solving that serious problem.

Those hon. members opposite, who were supposed to offer a cure-all measure to settle the unemployment situation, where are they today, Mr. Speaker?

The Minister of Finance is enthusiastic and confident about his project. According to him, it will provide work for many unemployed and it will reduce unemployment substantially. However, his colleague, the Minister of Labour (Mr. MacEachen) fears that unemployment will be worse next winter.

Mr. Speaker, I respectfully submit that those $400 millions will not be sufficient to say nothing of the fact that this money will be spent in such a way that the federal government will be encroaching upon provincial jurisdiction.

Eminent members of the government are perhaps not at liberty to express their opinion on that point, except in caucus. However, if they are honest with themselves, they will get up—because some of them are brilliant jurists from the province of Quebec—they will take a minute to tell us how the government's attitude fits in with the statement made by the Quebec premier when he presented his budget on April 5, 1963. At that time, he said that the provinces should not participate in joint programs because, each time, they have to abandon part of their autonomy to the federal government.

When he came to Ottawa, did Mr. Lesage surrender to the central government which refused full liberty of action to the provinces? There are, no doubt, conditions that we know nothing about. Under the circumstances, I

wonder if the best way to help the provinces, without violating the constitution, would not be, as I said earlier, to give them an additional 1, 2 or 3 per cent of direct taxes. Then, they would have the control of their sources of income.

Then, it is to relieve their conscience that the federal government considered that they must retreat and give back what they take away unjustly. Are we to conclude that this is absolute respect of the Canadian constitution?

I must point out that when we were in power, we took great strides forward in that direction. First of all, the previous government raised from 10 to 13 per cent the direct taxes returned to the provinces; afterwards, it went up to 14, 15 and 16 per cent, to reach finally 20 per cent.

But the present government will bring forward legislation and amendments which I think are not constitutional and which will prevent us from voting for this legislation, although it is, in itself, an excellent measure, because it will make, no matter how small, a contribution to the solution of the unemployment problem in the province of Quebec and in the rest of the country. But if the solution offered is not of a nature to respect the Canadian constitution, I shall vote against the legislation if there is a vote on it. However, I think, Mr. Speaker, that the government will bring forward really effective amendments to stimulate the Canadian economy, which has become nervous and unsteady. More and more, our industrialists and businessmen are frightened, because they never know which new retreat they can expect from the Minister of Finance or one of the members of the present cabinet.

We are not at present in a position to pass judgment on the constitutionality of the amendments, but we must hope that those amendments will be constitutional and, above all, that once and for all, the government will bring forward its cure-all measures, its great remedies, its great solutions to the unemployment problem.

I wonder whether the legislation passed to shorten the period of winter works will contribute to reduce unemployment. We have an unpractical government which, within 60 days, tried to make the people believe that it is a government of action. However, we realize more and more that we are dealing with a blundering government, because every week we have witnessed retreats and changes of opinions.

Various legislative measures and resolutions are being introduced. During the recess, the cabinet will have more time and will be in a better position, after due consideration, to forget about the 60 days of promises. Then, in the fall, the government will introduce measures likely to promote the Canadian economy and to provide answers to the impending serious unemployment situation.

We are most anxious to hear the Minister of Finance tonight set forth his amendments which will no doubt be consistent with the Canadian constitution and promote our economy.

(Text):

Mr. H. A. Olson (Medicine Hat): Mr. Speaker, I think that the main burden of our deliberations at this stage should be to deal with the proposed amendments that are to be introduced later and which result particularly from the consultations with the provinces a few days ago. We in this party have stated on a number of occasions that the provisions of this bill are at least a step forward in providing funds to expand the social services in Canada that are expected from the municipal governments. We think this is an excellent idea. We wish the government well and in particular the Minister of Finance as he pursues this end.

We also have some reservations in that the amount of $400 million for all ten provinces spread over a period of three years is not a great deal, but we recognize and appreciate that this is a step in the right direction. With regard to the point raised by a number of hon. members, that the government surrendered to the provinces, we agree that the federal government made some concessions to the provinces at the last conference. But after all, Mr. Speaker, what is the purpose of a conference if it is not to have consultations and to take cognizance of what the other parties to the conference have said to you? We in this party do not subscribe to the idea that change is bad. We believe that if there were weaknesses in the original resolution that was brought before this house, and the representatives of the provinces pointed them out, the government is to be commended for changing the resolution to meet those objections.

Our main concern, Mr. Speaker, is that there is one amendment that ought to be included in the bill that was not included in it. I refer to the fact that the hon. member for Lapointe (Mr. Gregoire) pointed out that funds for this municipal development fund should be obtained from the Bank of Canada. The leader of the official opposition (Mr. Diefenbaker) and other members have criticized the government because there were some changes introduced as a result of the conference with the provinces. One member even

suggested that if this is the way they intend to handle the affairs of the country, perhaps the best solution would be to change the government. I ask you, Mr. Speaker, change to what? Certainly, I do not believe the people of Canada or the officials of the provinces would want to change back to what they had from 1957 to 1963.

I recall very clearly that there was a federal-provincial conference called in the autumn of 1957 with regard to the tax rental agreements. The premiers and their representatives met here on parliament hill. When they went home they expected to be called back. There were certain discussions in which viewpoints were put forward by both sides. A few days after the premiers and representatives of the provincial governments got home they received a telegram informing them that this was it: take it or leave it. Now, Mr. Speaker, that is not a conference; that is not consultation. I recall that when the vocational training scheme was set up, the provinces were notified what the federal government was prepared to do. There was an open-end agreement and the federal government would pay 75 per cent. There was no conference and no consultation to work out the details of how this measure was going to be applied. I recall very clearly when the Agriculture Rehabilitation and Development Act went through this house there was no prior consultation with the provinces, yet the provinces were expected to administer the act.

Now, Mr. Speaker, this is not consultation in our view of what consultation ought to be. Certainly, therefore, there can be very little basis for criticism on the part of the members of the previous government when it comes to consulting the provinces. In an earlier stage of the discussion of this measure we in this party pointed out that if there were too many regulations set up by the federal government and too much direct administration of this act, there would certainly be resentment and resistance from the provinces. I think I pointed out on that occasion that the province of Alberta had set up what they called a municipal finance corporation. This has been set up for a number of years and its purpose is to supply all the capital needs of the municipalities in the province of Alberta. I suggested then that if the federal government were prepared to use this municipal development and loan fund to supply funds to this municipal finance corporation, it would be doing the service that it was intended to do and at the same time would not infringe on provincial rights in so far as the province's relationships with the municipalities were concerned. I hope that this is now the intention of the federal government and the measure will be administered in that way.

We were told earlier that there would be an official, perhaps from Central Mortgage and Housing Corporation, who would be dealing directly with the municipalities. I am sure that most of the provinces would have objection to that. We are happy to see that there is now going to be a greater share of the responsibility for the administration of this act on the shoulders of the provincial governments.

In closing, Mr. Speaker, I want to say that I think this measure, particularly if the minister would accept the amendment we propose, would be the kind of bold, imaginative action that would assure him of a place in the history of Canada. If he would take this action tonight or before the bill passes, he could take his place alongside the late Mr. C. D. Howe who, I think, is acclaimed in Canada for mobilizing Canada's war effort. I believe the present Minister of Finance would be acclaimed in the years to come as the man who mobilized Canada for peace and for social advancement. He and the government have in their hands tonight an instrument which, if it is properly written and properly applied, could reverse this trend towards mounting debt and interest charges that is becoming alarming to all the people of Canada. He should let the Bank of Canada provide the funds that are necessary for the social services expansion of the muncipalities. I hope he will accept our suggestion. I am sure that 15 years from now when he looks back, he and the government of the day will be glad that they took our advice at this time.

Mr. Churchill: I wonder if the hon. member would permit a question?

Mr. Olson: Yes.

Mr. Churchill: Supposing the Minister of Finance does not accept your amendment or your advice, will your fulsome praise for him tonight be changed to condemnation?

Mr. Olson: Mr. Speaker, we would have to cross that bridge when we came to it.

Mr. H. W. Herridge (Kootenay West): I rise to make a few brief observations which are more appropriate at this stage of the bill than later on. I know that the house is anxious to get on with this legislation, particularly as we are living in the shade of an early recess. I must say that I listened with a great deal of interest to the remarks made by the hon. member for Esquimalt-Saanich (Mr. Chatterton). I thought he made a very good analysis of the application of this bill

to the situation that exists in British Columbia. I presume he speaks with considerable experience, having been the reeve of a municipality there. I trust that the government listened to some of the suggestions he made and to some of his criticism.

I listened also with interest to the remarks of the hon. member for Renfrew South (Mr. Greene). In fact, at one stage of his speech I thought he would be making application to become a member of this party. He did make, I thought, some very sound observations with regard to this measure and to its limitations. He made some very sound suggestions, and I trust the Minister of Finance (Mr. Gordon) was listening to the remarks of the hon. member.

Members of this group have urged the necessity for a department of dominion-provincial relations so that there can be frequent consultation between the federal and provincial governments on matters that are of joint concern. As the result of the experience which the government has had with this bill and the necessity to call a conference, I was glad to notice that the Prime Minister has become converted to our policy when he mentioned, in a recent press release, that he believed in the necessity for establishing a secretariat of federal-provincial relations.

Indeed, Mr. Speaker, that is only one matter where our influence has been felt, and the opposition has had a great deal of influence this session. It has been able to get the government to correct, so some extent, numerous mistakes it has made; but as has been said by the hon. member for Winnipeg North Centre (Mr. Knowles) it is very hard to keep up with the government because it keeps repeating them. However, we rejoice at this repentance, on the part of the government, and are particularly glad that it sees the merit of our policy with respect to dominion-provincial relations.

I know all members of the house have received correspondence and resolutions from municipalities and trade unions representing municipal employees who have been very concerned about the unfortunate delay in the presentation of this legislation to the house. I think it has been very fortunate that the government was able to get agreement at the federal-provincial conference and was able to bring this legislation before the house again prior to the adjournment, because in the correspondence I received, and I know other hon. members received similar correspondence, it was indicated that the government's stock was dropping lower and lower because of the delay connected with this legislation.

I shall not repeat what has been said by the hon. member for Burnaby-Richmond (Mr. Prittie) who presented our point of view, except to say—I speak now as a democratic socialist—that I realize this is only a poultice on the ulcer of unemployment, and we want to make the poultice as large as possible. Our metaphors become quite mixed at times, but I would add that this is a step in the right direction. However the total amount is completely insufficient to meet the needs of the immediate months ahead. We shall have to think in broader terms than the terms of this bill. We welcome it, as it will have a limited effect on the unemployment situation, but I would point out that there has been no fundamental change in the unemployment situation, since the election of the government, as compared with that situation last winter.

I make one more plea to the minister. I notice he is listening to me and I feel somewhat complimented in that respect. My plea is that the bill refers entirely to municipalities, while under the old winter works program the former government did make loans to bodies that were not municipalities, such as irrigation districts, water boards and other organizations of that type. If this legislation is to be of benefit to these smaller districts and organizations, I would urge the government to give consideration to the continuation of the policy commenced under the former government in the winter works program, namely the granting of loans to such organizations that are proven financially sound, that are socially desirable and are under good administration.

I hear one of the hon. members on the government side applaud. You know, Mr. Speaker, we often have things in common, and when we bring out something based on our experience we often find it meets the approval of members on the back benches opposite. This heartens us, and they have only to pluck up a bit of courage to support us.

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

On clause 1—*Short title.*

Mr. Churchill: I appreciate that the minister has a very important engagement right now, but on a previous stage he mentioned that he had a number of amendments to propose, and it may be that we would not reach all of them tonight. Could we have a preliminary indication of how many amendments there are, and the nature of them? I do not know whether this is convenient or not, but it would be helpful to the committee rather than having them brought to our attention as we deal with each clause.

Municipal Development and Loan Board

Mr. Gordon: In my opening remarks on second reading I gave a general description of the nature of the amendments, but perhaps I might mention them clause by clause. There is an amendment to clause 2.

Mr. Smith: Which part?

Mr. Douglas: Is that paragraph 2?

Mr. Gordon: No. The amendment to clause 2 is on line 19, and then there are very minor changes on line 1 of page 2 and also on line 7 of the same page.

Mr. Gregoire: Will we have the French version?

Mr. Gordon: I shall have to get that, but I will give it in English first and try to get the French version in a moment. The next, amendment is to clause 7 and is a very extensive change.

Mr. Douglas: Before the minister leaves clause 2 could he point out what the amendment will be so that we can mark it in our copies?

Mr. Gordon: By striking out line 19 on page 1 and substituting the following: "municipal body however designated or such unincorporated local authority as the governor in council may hold to be a municipality for the purposes of this act."

Mr. Lambert: Might I suggest a precedent to the minister. I think hon. members will recall a certain instance in the fall of 1957 when, at this same stage, rather extensive amendments, as they said, were introduced into the Agricultural Stabilization Act. A mimeographed copy of the amendments were circulated so that we had them all before us. I am afraid that notwithstanding the great courtesy of the minister at this time we would be writing here for the next 20 minutes, and we are not quite that fast; we have not shorthand.

Mr. Gordon: There are seven or eight copies here. We do not have mimeographed copies available. I have made inquiries before and understand that the mimeographing facilities of the federal government are not quite as up to date as perhaps they might be, and it takes some time to get these things.

Mr. Lambert: On that occasion it took a matter of an hour and a half.

Mr. Peters: Send your secretary up to my office. I have a machine.

Mr. Churchill: We once had headquarters mimeograph the economic report.

Mr. Gordon: I think, Mr. Chairman, I might just indicate the clauses rather than give the details. There is an important change to subclause 2 of clause 7, and also subclause 3 of that clause. There is an addition to clause 8. There are some minor changes to clause 11. There is an addition to clause 13. There is a minor amendment to clause 14.

Mr. Gregoire: Which one, ours?

Mr. Gordon: There is a minor change to clause 15, and a minor change to clause 21. The major changes are in clauses 7, 8 and 13.

Mr. Douglas: Mr. Chairman, I think the amendments which the minister is proposing will do a good deal to improve the legislation which he is piloting through the committee. We can discuss the items one by one when we come to them. However, I do think the minister and the government are to be complimented that they were willing to make the changes which were requested by the provincial premiers, particularly the two major ones, one of which was placing the screening process of these loans in the hands of the provincial authorities.

The provincial governments are in a much better position to know the needs and potentialities of the municipalities. They are in a much better position to screen these applications than is the federal government. They have all the machinery in their departments of municipal affairs and they are close to the needs and problems of the municipalities. I think it was a very wise move to turn over to the provincial governments the handling of the allocation of this money to the municipalities. Had the government not done this there would have been the danger that the large urban centres would have grabbed the major part of this fund and when the smaller communities turned up to apply for loans the fund would already have been emptied. I think the idea of broadening the type of municipal projects to include schools, hospitals and such other projects as may be included at the discretion of the provincial governments helps considerably, because there is such a diversity in the needs of the municipalities across Canada that you cannot lay down hard and fast rules. I think the minister was very wise to make this change.

While I think we all recognize that much of the difficulty could have been obviated had the provinces been consulted in the first place, there is not much use crying over spilt milk. But I think it ought to be a lesson to all of us that consultation with the provinces should become a matter of course rather than an afterthought following the introduction of legislation. I know, of course, that the government was under pressure. This is one of the major pieces of legislation designed by them to promote employment, and they were anxious to get on with it; but this is a case of more haste, less speed. I think the fact

that they consulted with the provinces has resulted in very marked improvements in this piece of legislation.

The minister talked the other day about going to Washington and said he may be away for part of tomorrow. It seems to me that before he goes he might give some thought to the question of whether one or two other amendments might be considered. I am not going to take the time of the committee discussing what I think is a broad weakness of the legislation. I think that as legislation to promote employment this will not be tremendously effective, and it can only be a very small patch on a very sick economy. If we are really going to tackle the problem of unemployment and promote economic growth, we will have to adopt a much better co-ordinated and more far reaching program than this. However, Mr. Chairman, I am not going to discuss that now.

I think there are three basic weaknesses in the legislation even after it has been subject to these very commendable changes. The first, as has been mentioned by many hon. members, is that the amount of money available for the next three years is too small. I do not expect the minister to make a change in the amount now, but I hope that before the debate is finished he will give some assurance to the house that if in the first year or two there is a tremendous run on this fund the government will give consideration to increasing the amount. In other words, I hope the $400 million will not be split into three parts and as soon as one third is used up in the first year the government will say there is no more money till next year. I would hope they would be prepared to process applications, if they come in, and if the $400 million is used up quickly, that they will be prepared to come back to parliament and ask for more money. I hope this will be done, because I do not think there is any doubt about the fact that this sum of money is totally inadequate to meet the aim which the bill proclaims and is designed to meet, namely the promotion of employment.

The second weakness, as I see it, in the legislation is that the amount of money which the municipalities must put up is much too large to achieve the kind of results the minister has in mind. As I understand it, under this measure when enacted a municipality will be entitled to borrow up to two thirds of the total cost of a project. That leaves the municipality with the task of raising, first of all, in cash or some other means one third of the cost, and paying 75 per cent of the balance assuming they can get a 25 per cent forgiveness by qualifying under that provision. This really means that out of the entire cost of a project the municipality must put up 84 per cent and the government of Canada puts up 16 per cent. This is a very large percentage of the cost for the municipalities to bear. The minister shakes his head. Am I wrong about that?

Mr. Gordon: Under this program, Mr. Chairman, the federal government will put up two thirds of the total; it is not a question of the municipality having to borrow 75 per cent.

Mr. Douglas: No.

Mr. Gordon: Then I misunderstood the hon. member.

Mr. Douglas: Let me restate it. As I understand it, Mr. Chairman, the municipality can borrow two thirds of the total cost of any project. That leaves the municipality first with the task of raising one third. Then it must repay 75 per cent of the other two thirds. So that of the total cost of the project the government of Canada will be putting up 16 per cent and the municipality, through the cash it raises and through the loan which it must repay, puts up the balance of 84 per cent. This is a very heavy burden to place on a municipality when we, the parliament of Canada, are asking them to contribute to the solution of unemployment.

I think many of the municipalities which are in serious financial straits will think twice about undertaking a project, 84 per cent of the total cost of which will ultimately come back to them, plus, of course, interest. I think that something larger than two thirds of the cost of a project should be lent to the municipalities, and I would hope that the government would give some thought to that in clause 9. It seems to me that two thirds is much too low and that the government would be justified in lending 75 or 80 per cent of the cost of a project.

I think the other weakness in the bill has to do with the provisions which are to be found in clause 7, which limits this program to those projects which were not contemplated by the municipalities. In other words, the test whether or not a municipality will qualify is not whether it has unemployment. It is not whether it is in need. The test is whether or not the project is a new program and will create employment. In other words, the municipality must show that the project in question was not in contemplation before. It is quite conceivable that a municipality which had had a serious unemployment problem has budgeted to spend every dollar it can raise and every dollar it can borrow in order to implement the maximum amount of public works. That municipality cannot add to its program, and is unable to find the other one third. If it tries to drop some of the projects

it has already contemplated in order to get new ones so that it can qualify, under clause 7 it will find that those projects will not be approved. They must be new projects, not projects brought in to replace those already on the municipality's agenda.

I think this is going to be a very serious restriction. I think there are a lot of municipalities which will want to borrow money from the fund but will find they are not eligible, simply because the projects for which they are asking for money are those which they already had in mind. I see no value in ruling out those projects because they had been on their program. After all, what does the government want? It wants to get these municipalities to put as many people to work as possible and employ as much social capital as possible in order to create employment. Does it matter to the government whether this is a new project or a project which the municipality had in mind previously? Therefore I urge the minister to take another look at clause 7, so that if he is not here tomorrow whichever minister is piloting the bill through will be able to indicate whether or not some flexibility can be introduced in this clause.

Mr. Gordon: Mr. Chairman, if I might reply briefly to the remarks of the hon. member for Burnaby-Coquitlam, I should like to thank him first of all for his opening remarks about the desirability of flexibility in all conferences. I quite agree that there is not much point in having a conference if one side is unwilling to accept good ideas put forward by other parties to the conference, and as far as this government is concerned I hope we will never be guilty of being unwilling in such circumstances. As a matter of fact, I think that the conference last week end was a success, as was evidenced by all the provincial premiers having gone there with open minds.

On the three points raised by the hon. member, as to the limit, first of all, of $400 million I can assure him that if this program is a success and results in decreasing unemployment appreciably this government will certainly keep an open mind with regard to coming back to parliament for further appropriations. There is no suggestion that this particular sum should be divided in any way over the period. I think it is fair to say that our concern originally was to get the money, or a substantial portion of it, spent before next winter or during next winter. Now that the enthusiastic co-operation and approval of the provinces has been assured, I feel a lot happier and more confident that at least an appreciable part of this sum will be spent fairly soon.

I think we all recognize that municipalities have programs and limit themselves to those programs. It is difficult for them to change them during the course of the year. Nevertheless we are hopeful, and our hope is increased now as a result of the conference last week end, that advantage will be taken of these funds which will be available and that they will result in additional capital projects this winter as well as additional jobs.

Mr. Douglas: Just on that point, the fund will not be broken up into fiscal years?

Mr. Gordon: No. The second point raised by the hon. member had to do with whether or not it was reasonable to lend municipalities only two thirds of the amount involved and to forgive only 25 per cent of the amount lent. This matter was pretty carefully gone into in the first place before the bill was presented. The view of the government then was, and I think I can say still is, that it was reasonable to expect the municipalities to put up some of the money. In fact they would be putting up a substantial percentage of their own money. We should not be asked to lend the full sum required. I should explain that any money they obtain from winter works or provincial grants comes off first; this comes off the top and they then get two thirds of the balance. It was felt that 25 per cent forgiveness would represent a substantial inducement to take advantage of these funds. As the bill passes through committee stage there is no doubt that those who are piloting it will indicate what 25 per cent forgiveness represents. The figure I have in mind, at an interest rate of 5 per cent over a 25-year period, would be the equivalent of an interest rate of about 2 per cent; so it does represent a pretty attractive inducement to anyone in a position to borrow money. I might add that during the conference last week this point was not raised. I thought it might be, but none of the provinces raised the question whether the two thirds should be increased or whether the 25 per cent forgiveness was sufficient. The hon. member for Notre Dame de Grace has pointed out that he has raised it with me before. I would say that he has raised it with me at least 50 times but has not yet convinced me that it would be a good thing to do.

Mr. Douglas: Perhaps I might just say this. As far as technical schools are concerned, the federal government goes up to 75 per cent, as it does on winter works incentive programs. Would there not seem to be a good case for lending 75 per cent of the cost of a project here? Two thirds is lower than anything I have known by way of a loan from the senior government.

Mr. Gordon: I would not like anybody to think that this is the only item being put forward to deal with unemployment. It is one of a series of items which have been proposed and in this case, as it deals with particular projects which municipalities are anxious to get ahead with, it was felt this was reasonable. I want to link it with the hon. member's third point. He questioned whether loans should be limited to additional projects entered into by the municipalities. I gathered from what he said that he thought perhaps there might be a case for lending these amounts to municipalities in respect of existing projects. It would seem to me that this would defeat the purpose of this bill which is to encourage additional works or to encourage additional employment. It is not the purpose of this bill primarily, or even indirectly, to ease the financial plight of the municipalities.

We cannot have it both ways. The provinces feel strongly that the municipalities are not subject to federal jurisdiction, as all hon. members of this committee fully appreciate to be the case. Depending on which province one comes from, the municipalities are designated as daughters or, in other cases, as creatures.

An hon. Member: "Creatures" in British Columbia.

Mr. Gordon: It was pleasanter to hear them referred to as daughters of the province, even though they might not all be receiving the attention which daughters usually receive from their fathers. Nevertheless, the provinces made it clear that the federal government has no jurisdiction over the municipalities and the question of their finances, good, bad or indifferent, is the direct responsibility of the province concerned and of no one else. So at this point the emphasis is naturally on additional employment. To be consistent it must, therefore, be on additional capital works, not on the financing of projects which would be undertaken anyway. I might say that the premier of a province with which the hon. member for Burnaby-Coquitlam is very familiar raised this point indirectly and it was made clear in the course of discussion that if municipalities have a long term capital program ahead of them and they speed it up—if they do something in the first or second year, for example, which they would normally have done in the fourth or fifth year—the additional amount of work in the first or second years would qualify under this program. This is a short term program and what we are concerned about is more jobs this winter and next year.

Mr. Douglas: I thank the minister for his statement. All members of the house are interested in the creation of jobs. The only concern I have is that the restriction which limits this assistance to two thirds of the cost of the project, together with the restriction applying it to new projects only, may prevent work which would otherwise be carried out from being implemented.

Mr. Gordon: I suggest that the hon. member has a good point when he talks about the proportion of two thirds, but I think he is inconsistent as to the second point, because if the projects are already financed, and are to be undertaken anyway, there is not much point in the federal government moving in and financing them as far as additional employment is concerned.

Mr. Douglas: Except that maybe the municipalities will not be able to go ahead with programs they have planned if the money market situation is at all difficult. But I agree that if they had planned their programs and arranged their financing there would be no special benefit about resorting to this fund except, of course, the lower rate of interest. Nevertheless, before a municipality could take on an additional project it would have to find one third of the money. If they could not do so, they could not go ahead with the project and the minister's object would not be attained.

Mr. Gordon: I am delighted the hon. member has referred to the state of the money market because, as members of the committee know, this is something which it is my responsibility to be talking about tomorrow. I am grateful to members of the committee for excusing me this evening from taking part in further discussion of this bill in committee and for agreeing that the Acting Minister of Finance can take over in my place. I have told him I am sure that members of the committee will give him the co-operation and help they usually give me when I try to pilot bills through committee, so his task will not be too difficult. On this note, if hon. members will excuse me, I will say good night, Mr. Chairman.

Mr. Pickersgill: I wonder if I might make a suggestion to the committee which has been made to me by the hon. member for Winnipeg South Centre, that is, that we should not proceed this evening beyond the conclusion of clause 1.

Mr. Churchill: Not necessarily the conclusion of clause 1.

Mr. Pickersgill: Well, if there are some general observations to be made on clause 1 we should hear them, and then report progress on this bill so that mimeographed copies of the amendments could be made available

to all hon. members first thing in the morning. This, we believe, will greatly facilitate the consideration of the amendments tomorrow.

The hon. member for Winnipeg South Centre then suggested that he, for his part, was agreeable to our taking Bill No. C-88, to dealing with the second reading of that bill and getting into committee on it, and then calling it a day until tomorrow. If this program, which the hon. member has suggested and which I am very glad to accept from him, could be carried out by the committee and the house it would probably make it possible for us to complete our work tomorrow.

Mr. Olson: We certainly agree with the suggestion made by the Secretary of State. I should like to ask him whether, in the mimeographed sheets to be distributed tomorrow, he would include the amendment suggested by the hon. member for Lapointe?

Mr. Churchill: We may have a series of amendments too.

Mr. Pickersgill: If the hon. gentleman would do his own mimeographing we would be glad to have them circulated.

Mr. Gregoire: I will undertake to do that.

Mr. Knowles: I think there should be some understanding about the time element. The Secretary of State has said that after conclusion of discussion on clause 1 of this bill we should take up Bill C-88. I would not want to do that if it was 2.00 a.m. Perhaps we should have some time limit.

Mr. Pickersgill: I would not think of being so inhumane as to suggest that the committee sit into another day.

Mr. Churchill: On Bill No. C-88 all I would expect tonight would be a statement by whatever minister is introducing it. We will reserve any reply or statement on our part until the first clause in committee of the whole house.

Mr. Pickersgill: It will be the Minister of Justice who will be moving that bill.

Clause 1 agreed to.

Progress reported.

FINANCE

LEGISLATION RESPECTING SURCHARGE ON IMPORTS ORDER

Hon. Lionel Chevrier (for the Minister of Finance) moved the second reading of Bill No. C-88, respecting an order of His Excellency the Governor General in Council entitled the surcharge on imports order, and to restore certain rates of customs duties and tariff benefits expressed to be withdrawn thereby.

[Mr. Pickersgill.]

He said: Mr. Speaker, on June 24, 1962 the governor in council passed the surcharge on imports order under the authority of the Customs Tariff and the Financial Administration Act and made an amendment to the import control list under the Export and Import Permits Act. The first order resulted in increased tariffs on certain goods and the second reduced the value of goods that might be brought back by travelling Canadians free of duty.

Section 4 of the Customs Tariff, Revised Statutes of Canada, 1952, chapter 60, empowers the governor in council by order to withdraw rates of customs duties more favourable than the general tariff and to withdraw the benefit of any tariff more favourable than the general tariff. These powers are unrestricted. There is nothing in the act describing any special circumstances or conditions under which they might be exercised.

Section 22 of the Financial Administration Act, Revised Statutes of Canada, 1952, chapter 116, empowers the governor in council, on the recommendation of the treasury board, to remit any tax, fee or penalty whenever he considers it in the public interest. The section defines a tax as including any tax, impost, duty or toll and provides, *inter alia*, that a remission may be total or partial and may be granted in any particular case or class of cases and before the liability therefor arises.

There has been some doubt about the validity of the order passed under this item and, as the house knows, there are cases now before the courts. I should have added that there is doubt as to the validity of the order because in the opinion of justice it should have been approved by parliament. The object of this bill is to validate in parliament what was done at the time.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, we can make most of the comments we wish to make on this bill when we get into committee, but before it is given second reading there are one or two things that I think should be said. The concluding words of the Minister of Justice (Mr. Chevrier) are most interesting. If I heard him correctly he said that it is the opinion of justice—I presume he means the Department of Justice—that the order in council of June 24 of last year should have had the approval of parliament. Yet during the last session of parliament, the only session of the twenty fifth parliament, we were told several times that it was the opinion of justice, the same Department of Justice, that no such parliamentary approval was necessary.

I hesitate for a moment in case I have misquoted the present Minister of Justice, but if I have quoted him correctly this is a pretty serious situation. We are in effect being told that the Department of Justice gives one piece of advice one year and another piece of advice the next year. I happen to agree with the advice that is now being given, and if parliament accepts the necessity of passing this bill to validate this legislation it will mean that parliament is concurring in the view that the order in council of June 24, 1962, certainly lacked validity.

I feel in this session, as I felt in the last session, that it was a very serious departure from parliamentary practice and parliamentary tradition when the surcharge order in council of June 24, 1962 was passed, and the seriousness of what was done was compounded when the government of that day refused to bring the matter before parliament and refused even to refer the matter to the Supreme Court of Canada as we requested at that time. It makes the whole business very messy, and this sort of nibbling away at the practices of parliament is not good for democracy.

The Minister of Justice has referred to the contention that was implied in the passing of the surcharge order in council, namely, that the government of that day had the right under one statute to raise customs duties and then the right under another statute to reduce those same duties to the particular levels that that government wanted. We contended in the last session of parliament that in effect what the government of that day had done was to impose taxation without parliamentary approval, and if there is one thing that is most basic to the relationship between parliament and the executive and is a basic relationship of long standing it is that taxation cannot be imposed without parliamentary approval.

The Minister of Justice referred to the section of the Financial Administration Act under which the order in council of June 24, 1962, purported to reduce those taxes which in the first place had been raised. We went over all this many times last year. It is clearly a section that provides for remission in kinds of circumstances that are not covered by the order in council in question. We pointed out last year that there is one subsection in section 22 of the Financial Administration Act that requires publication in the public accounts of all remissions over $1,000 granted under that section. When we asked the minister of national revenue in the last session if a report could be brought down showing these remissions, we were told that it would cost so many thousands of dollars to have this done because records were not being kept in that way. I am satisfied that any competent lawyer studying this matter and finding that subsection in section 22 of the Financial Administration Act, would realize right away that the order in council falls to the ground.

We are being called upon to deal with this matter in another way which I think I have to characterize with the same word I used a moment ago, namely that it is messy. There is a clear rule in our books that we are not supposed to deal with matters that are *sub judice*. This matter is before the courts. It has been taken to the Exchequer Court of Canada.

I remember very well that at one time the present Leader of the Opposition (Mr. Diefenbaker) asked the government of that day, which was headed by Mr. St. Laurent, to refer to the Supreme Court of Canada a matter that was being discussed here in parliament. Mr. Ilsley was minister of justice and he got into the argument. He established the point very clearly that we could not be dealing with the matter in two courts of the land, namely parliament and a federal court, at the same time. We are doing that. This question of the validity of the surcharge order in council of June 24, 1962, is before the exchequer court. Whether that court is sitting today or tonight does not matter. The fact is it is before the court and we are dealing with it here. We are, I say, violating one of the basic rules of parliament.

Yet, we seem to have no alternative because of the mess into which we have been put. We often hear it said that the courts are the guardians of our liberties, the guardians of law, the guardians of justice and so on. Here is something that has been referred to the courts; at least it has been taken to the court by parties that have been affected by it. If this legislation were not before us, we might get a decision from the exchequer court as to whether or not the surcharge order in council was legal, whether or not it was valid. I assume if we pass this measure the exchequer court might as well drop the case, and probably will, because there will be no point to proceeding with it. In this case the very serious issue of whether or not this surcharge order in council under which millions of dollars were collected, was valid will never be determined by the court. We will prevent that determination by taking the action we are taking now.

I recognize, as the Minister of Finance said when he gave notice some weeks ago that this measure was going to be brought before us, that we will be in a very awkward position if we do not pass this legislation. If the

courts were to rule that the order in council was invalid, then the government would have to repay this money to the companies that had filed their cases. However, the ultimate consumers who really paid the extra duty would never have a chance to get their money back. So, Mr. Speaker, as I say, the matter is a mess all around. It is the kind of thing that parliamentary and legislative bodies get into when they avoid following the rules, traditions and practices of parliament of very long standing. I am sure that despite the things that were said, despite the feelings we had about this matter in the last parliament, if the government of that day had brought the matter to parliament and let us decide upon it, we would have shown mercy and forgiveness towards the government for what it had done on June 24.

I know that when I heard the former prime minister announce on the night of June 24, 1962, that this was being done, I took it for granted the order was going to come before parliament. I thought we would have a chance to vote on it. I thought, although it was the sort of thing I was opposed to, we might have to vote for it. We were refused time and time again. I, for one, from my seat over there where my friend from Brantford is now sitting, asked the former prime minister to refer the matter to the courts to clear up this uncertainty. He said, there is no uncertainty; it will not be referred to the courts. The fact that there is uncertainty is now established by the fact the matter has been taken to the courts, and by the fact we are having to deal with it in this legislation that is now before us.

I say, Mr. Speaker, we cannot be too careful in the parliament of Canada about these basic rules. Frankly, what the Minister of Justice (Mr. Chevrier) said tonight in the course of his brief remarks puts this thing into an awkward position. We were told in the last session by the former minister of justice that the deputy attorney general and the Department of Justice had said that the surcharge order in council was in order. We were led to believe there was an opinion, but we could not get it. We are told in this session that there is no written opinion. We are told tonight by the present Minister of Justice that the Department of Justice now says there should have been parliamentary approval of that legislation. One of my colleagues behind me is asking whether the present Minister of Justice has a written opinion. I can get many written opinions to the effect that this surcharge order in council was invalid.

I think we are caught. There is nothing we can do about it. I believe we should at least realize the seriousness of the point.

[Mr. Knowles.]

Parliament as a whole, not just the government, should go through what my friend from Kootenay West (Mr. Herridge) referred to a moment ago as a period of repentance. We should be in sack cloth and ashes over what was done to the traditions of parliament.

When we get into committee of the whole on the bill I wish to indicate that I shall seek to move an amendment to clause 3 of the bill because this bill does more than the title implies. The title implies that the bill simply validates the order in council of last June 24 and restores certain rates and duties. Then, there is a clause in the bill which amends the Customs Tariff Act. I draw attention to the fact that there is no reference to that in the title of the bill. That is not quite regular. If we are talking about keeping to the rules, let us keep to the rules even if we are trying to patch up a rule that was broken. I suggest that there should be an amendment to the title to include in it the fact that this bill is also proposing an amendment to the Customs Tariff. What bothers me, and I will deal with it more specifically when we get to clause 3 in committee of the whole, is that clause 3, as it is worded, suggests that an order of the kind that we had on June 24 ought to be brought before parliament before six months. However, there is an implication in that clause that that kind of order in council, the same kind we had last year, would be valid for at least six months.

I do not believe this was a proper course of action last June 24. I do not believe it would be a proper course of action again to pass an order in council based partly on the Customs Tariff Act, by which duties are raised, and based partly on section 22 of the Financial Administration Act by which duties are lowered. However, the wording of clause 3 of this bill is such as to indicate that for six months such an order in council is valid. This whole thing we have been through points up the tremendous need for any government that is in power, whatever party it is, to remember that it is responsible to parliament, and that it does not have the right to do by order in council anything that is not clearly provided for in some statute of this parliament. It was not provided in the statutes of parliament on June 24 last year for the government of that day to do what it did. The fact that the matter has now been taken to the courts makes that clear, and also the fact that this government realizes it has to validate the legislation in case the court declares the order in council invalid.

I hope, as a result of this experience, we will plug that loophole. In fact, when we get to the committee of the whole the amendment I will propose will plug that loophole and

then I hope we will realize this kind of thing must not be repeated if we are to maintain parliamentary democracy in its proper level.

People generally were amazed at a thing like this when it happened last year, and it was a pretty trying experience in the house that we could not get the opinion of justice, the reasons or justification for the order in council, and could not get the matter referred to the supreme court. We were just told that it was proper, that there was no uncertainty, and all that sort of thing. This, incidentally, is something that seems to get into governments, that a government in power can do whatever it feels it has to do or wants to do. That is not true in our parliamentary democracy. The government and the executive can do only those things parliament gives them authority to do. That is a lesson about which we in the parliament of Canada must ever remind ourselves, and it is a lesseon that we simply must keep.

Hon. Gordon Churchill (Winnipeg South Centre): Mr. Speaker, I proposed that we would advance this bill through the second reading stage, and I said that so far as we were concerned the major reply would be made on committee stage. My hon. friend from Winnipeg North Centre exercised himself as to whether we would set a time limit tonight or whether we would go on until two o'clock, and I was afraid he was going to do that very thing. However, even with the opportunity to speak on committee stage, nevertheless he has taken 25 minutes tonight on second reading, at this late hour, and waxed righteously indignant over the bill.

We grant that this is a controversial item. The hon. member for Winnipeg North Centre (Mr. Knowles) said that we can do nothing about it, but I suggest to him that something can be done about it. This bill can be voted down tomorrow, or later, and if the N.D.P. and the Social Credit party vote along with us the bill will be defeated. Therefore there is something that can be done about it, instead of waxing so righteously indignant about it on this stage. The hon. member rethreshed a lot of old straw he talked about in the last session. He did this at very great length, and it is quite obvious that in the house tonight there is a sharp difference of opinion.

Although the hon. member for Winnipeg North Centre (Mr. Knowles) may condemn the former government and say it did something which was quite wrong, we reject that statement completely. We acted within the law.

Mr. Nowlan: And on the opinion of Justice.

An hon. Member: Produce it.

Mr. Nowlan: And we have got it.

Mr. Churchill: This is the nature of the debate which was gone through last session and obviously will be repeated this session, and I entertain some doubts as to whether the bill is going to pass the house tomorrow unless my hon. friend from Winnipeg North Centre will accept my suggestion of voting it down and disposing, not only of the bill but by chance dispose of the government at the same time—and what are the odds?

I am not going to impose on the house at this late hour, as my hon. friend did. I am going to leave it to the hon. member for Digby-Annapolis-Kings (Mr. Nowlan) to make the effective reply tomorrow that he will make to the statements made tonight.

Mr. Knowles: Will my hon. friend permit a question?

Mr. Churchill: Yes.

Mr. Knowles: Does he want the house not to validate the order in council?

Mr. Nowlan: It was validated years ago.

Mr. Churchill: We don't require any validation by the present government.

Mr. Pickersgill: It is by parliament.

Mr. Churchill: Or by parliament to acts we did because they were sound and right. We stand by that and we will prove it to you tomorrow.

Mr. Knowles: Parliament is superior to any government.

Mr. Churchill: Even to members such as the hon. member for Winnipeg North Centre.

Mr. Bert Leboe (Cariboo): Mr. Speaker, I am not going to detain the house, but I would like to pose a question tonight which can be answered tomorrow. I would like the minister to define, if possible, if there is in fact a difference between taxes and penalties. That is all I have to say.

Hon. Lionel Chevrier (Minister of Justice): Mr. Speaker, if there are no other speakers—

Mr. Deputy Speaker: Order. It is understood that if the Minister of Justice speaks now he closes the debate.

Mr. Chevrier: I am going to try, in the few minutes at my disposal, not to introduce a contentious note in the debate. There were many of the things said by the hon. member for Winnipeg North Centre (Mr. Knowles) with which I agree. However, I shall not take the time of the house on those. On the other hand there are two matters which he has brought to the attention of the house which cannot go unrecognized or unchallenged. The first is that this matter is *sub judice* and therefore should not be discussed in the house.

I have a great deal of respect for the knowledge of the rules which the hon. member for Winnipeg North Centre generally exhibits in the house, but I would bring to his attention that that rule does not apply to a bill. That has been the experience down through the years in our parliamentary institutions, and I would like to refer him to May's sixteenth edition, page 400, where it is said, under the title, "Matters Pending Judicial Decisions":

> A matter, whilst under adjudication by a court of law, should not be brought before the house by a motion or otherwise. This rule does not apply to bills.

Then a little further on in the same edition at page 457 under the title, "Matters Pending Judicial Decision" there is this:

> Matters awaiting the adjudication of a court of law should not be brought forward in debate (except by means of a bill...). This rule was observed by Sir Robert Peel and Lord John Russell, both by the wording of the speech from the throne and by their procedure in the house, regarding Mr. O'Connell's case, and has been maintained by rulings from the chair.

I must also say, Mr. Speaker, that I have been in the house for a long time, I think longer than my hon. friend, and I have found it possible, when matters are before the court, to deal by means of a bill with another subject matter without referring to the matter which is before the court. That has taken place in the house on more than one occasion, and I have reference now in my own mind to a similar case when I held the office of minister of transport some years ago. So that to say when a matter is before the court it cannot be dealt with—yes, that is a fact, if you must of necessity deal with a case which is before the court; but I think we can deal with the matters in this bill without any reference to the cases that are before the court.

Next my hon. friend said some very uncomplimentary things about the Department of Justice, particularly when he stated in effect that when one government is in office it gets one piece of advice or an opinion, and when another government is in office it receives another piece of advice or another opinion. I do not know what transpired when the previous government was in office. All I know is this, that I made it quite clear in the house on more than one occasion that there was no opinion, no written opinion which had been brought to my attention the moment I arrived in this department. I have seen none. I have searched for it; I have not found it, and I have been informed by those who advise me that there is no such written opinion.

Mr. Gregoire: Mr. Speaker, would the minister permit a question?

Mr. Nowlan: Have you been advised that by your deputy minister of justice; may I ask that question?

Mr. Chevrier: Let us deal with the first question first.

Mr. Gregoire: The minister just said there was no written opinion; but is the minister or are the officers of the department of the opinion that an oral opinion was given to the former government on that question?

Mr. Nowlan: There were both.

Mr. Chevrier: Mr. Speaker, in answer to the question I must say that all I could do in respect of the questions which were asked of me when I took over this office was inquire whether there was a written opinion. I have inquired as to that, and I have found none.

Mr. Douglas: Mr. Speaker, may I ask the minister whether he has a written opinion now?

Mr. Chevrier: Yes, I have a written opinion now, Mr. Speaker. I have also discussed this matter not only with the deputy minister but with others, and am informed by the deputy minister that the only way to remove any doubt about the validity of the orders that were passed on June 24 and to make it valid is by an act of parliament. That is the reason this matter is before the house.

Mr. Nowlan: Mr. Speaker would the minister answer my question. Has he been told by the deputy minister that he did not have an opinion verbally and in writing with respect to the validity of these orders in council?

Mr. Chevrier: My hon. friend should just hold himself in peace—

Mr. Nowlan: I am asking a question.

Mr. Chevrier: —and not get excited in asking a question. I have already answered the second part of my hon. friend's question in stating that there was no written opinion. I now say to him that I have been advised by my officers that neither was there an oral opinion.

Mr. Churchill: Mr. Speaker, could I ask the Minister of Justice this question. Would it not be advisable, in view of the general desire of members of parliament to have a recess, to postpone further consideration of this bill until we come back on September 30?

Mr. Gregoire: Mr. Speaker—

Mr. Chevrier: There is one question here, Mr. Speaker. The government has decided that under the circumstances that is the way in which, in its judgment and in the public interest, it should proceed and in so

far as I am concerned, I do not think that at this late date, having regard to the position in which we find ourselves with reference to this matter, it should be delayed but the house should proceed with it.

Mr. Gregoire: I rise, Mr. Speaker, because last year I was a member of this house and—

Mr. Chevrier: On a point of order, Mr. Speaker—

Mr. Deputy Speaker: Order. The Minister of Justice on a point of order.

Mr. Chevrier: Mr. Speaker, I have no objection to the hon. member asking questions, but if he is going to make a speech, I was told by the Speaker that the debate was being closed by myself, and I take it the hon. member will have every opportunity when we reach clause 1 to make any contribution he would like to make. He can do that when we reach that stage.

Mr. Gregoire: I rise on a question of privilege, Mr. Speaker. Last year I was a member of this house and we were told there was a legal opinion on that question. We took it for granted; we accepted that. Now tonight we have just heard from the Minister of Justice that there was no written or oral opinion given by the officers of the Department of Justice in respect of these surcharges imposed last year on June 24. Either there is a written opinion, or there is not.

Mr. Deputy Speaker: Order. Will the hon. member kindly resume his seat.

Mr. Gregoire: I would state my question of privilege, then.

Mr. Deputy Speaker: This is what I would like the hon. member to do.

Mr. Gregoire: My question of privilege is this—

Mr. Deputy Speaker: Order. I would ask the hon. member to resume his seat or come as quickly as he can to his question of privilege.

Mr. Gregoire: My question of privilege is this. As a member of this house I would ask, have we been misled, yes or no? That is a question of privilege. Have we been misled, yes or no? One government says—

Mr. Deputy Speaker: Order. The hon. member is now making a speech. It seems to me he will have an occasion to raise this whole question when this particular piece of legislation is before the committee. He is asking a question of the minister, who has already made a statement concluding the debate, and I suggest very humbly that we should proceed and let the matter stand where it is now.

Mr. Baldwin: Mr. Speaker, the minister said he would entertain a question. Can I ask him this question. Were statements of defence filed by the department to the claims which were made against the government?

Mr. Chevrier: Mr. Speaker, I am of the opinion that we can deal with this bill without referring to the matter that is before the courts.

Some hon. Members: Oh, oh.

Mr. Chevrier: I take it the object of my hon. friend's question is simply to—

An hon. Member: To get the truth.

Mr. Chevrier: No. I have no objection to answering questions which are valid, but it seems to me this question is aimed at a clear discussion of a particular matter which is before the courts, and I have no intention of dealing with that type of question. In order to answer the hon. member's question I would have to inquire what the legal officers have done in so far as a defence is concerned.

Mr. Baldwin: Mr. Speaker, I had no intention of trying to introduce any discussion of the matters which are now before the courts. I simply wanted to find out whether a defence had been filed, which would indicate that the department had denied liability.

Mr. Chevrier: Mr. Speaker, this question and others that have been asked are, as the house knows, questions which are normally asked when we are in committee, and not when the Speaker is in the chair. If the questions are persisted in, I have no objection; I think I should answer them to the best of my ability; but I feel those are questions we might deal with tomorrow.

Mr. Martineau: Mr. Speaker, there is one question I would like to ask the minister. Is the government bringing forth this legislation because it feels there is a doubt in regard to these surcharges, or because it is convinced that the surcharges are illegal?

Mr. Chevrier: Mr. Speaker, it is quite clear this is another of those trap questions which—

Mr. Martineau: Mr. Speaker, I rise on a question of privilege. The minister had absolutely no right to say that that was another of those trap questions.

Mr. Monteith: You are right.

Mr. Martineau: I asked the question because I think it is perfectly and completely relevant

to the bill before this house, and the minister has adopted an absolutely arrogant manner, which I resent.

Some hon. Members: Hear, hear.

Mr. Chevrier: Mr. Speaker, I should think the arrogance is rather from the other side of the house—

Some hon. Members: Oh, oh.

Mr. Chevrier: —because there is no doubt about it; my hon. friend has no privilege on a question such as that.

Mr. Deputy Speaker: Order. Perhaps the hon. gentleman will allow me to intervene. I am just wondering whether we are straying substantially from what we agreed we would do earlier this evening. If the house would allow me to say a few words, I understand it was the intention not to embark upon a substantial, lengthy or protracted debate on this question. We have perhaps strayed from this original intention and I would very much like to put the question to the house.

Mr. Martineau: Before you do that, Mr. Speaker, with all respect, I asked what I thought was a perfectly legitimate question of the minister. The minister got a bit incensed and replied by saying it was another of those trap questions. Naturally I resented that and I exercised my right to raise it as a question of privilege. As far as I am concerned, the matter is closed. I would nevertheless like the minister, if he is in a position to do so, to give an answer to this question because I think it has importance.

Mr. Chevrier: I am sorry if my hon. friend was incensed because I used the word "trap". I thought that was the object of his question, but in the light of what he has said perhaps I might answer tomorrow.

Mr. Deputy Speaker: Is it the pleasure of the house to adopt the said motion?

Mr. Churchill: On division.

Motion agreed to and bill read the second time.

Mr. Deputy Speaker: When shall the said bill be considered in committee of the whole? Next sitting of the house?

Some hon. Members: Agreed.

Mr. Pickersgill: Mr. Speaker, before we conclude our proceedings for today the suggestion has been made to me, which I have canvassed with hon. gentlemen opposite, that it might greatly facilitate the consideration of the municipal development and loan board bill in committee if, without its constituting a precedent or in any way being regarded as a regular proceeding, the house might order that the bill be reprinted for the consideration of the committee with the amendments which were circulated to some hon. members this evening in mimeographed form, so that a bill in printed form thus amended would be available tomorrow. I recognize at once that this is a very unusual proceeding, though I believe there was an occasion in 1957—I was reminded of this by the hon. member for Winnipeg South Centre (Mr. Churchill)—when to meet a similar convenience this was done. If it would be the general view of the house that this would facilitate debate, could it be so ordered?

Mr. Churchill: Mr. Speaker, in 1957 there were fewer amendments and the bill was perhaps not as wide-reaching as this. The only reason we are prepared to agree to this proposal is because of the approaching end of this part of the session; otherwise we might be discussing whether or not the bill should be withdrawn and re-introduced in all its stages once again. Under the circumstances and without creating a precedent I think it would be helpful to the house during the next day or two to have the bill reprinted as suggested.

Mr. Olson: Mr. Speaker, we agree to this. Reference has been made to a precedent in 1957 and we think it would be a convenience to hon. members to have the bill in revised form.

Mr. Knowles: We agree.

Mr. Lambert: Mr. Speaker, in this regard might I suggest to the Secretary of State (Mr. Pickersgill) that the reprinted bill be so identified as a reprint?

Mr. Pickersgill: I omitted to make that suggestion, which I should have made, and I am grateful to all hon. members agreeing to this procedure which I believe will facilitate the proceedings. I recognize fully how unusual this proceeding is and how undesirable it would be in ordinary circumstances.

COMMITTEES OF THE HOUSE

Seventh report of standing committee on banking and commerce—Mr. Asselin (Notre Dame de Grace).

Ninth report of standing committee on miscellaneous private bills—Mr. Wahn.

BUSINESS OF THE HOUSE

Mr. Churchill: Mr. Speaker, I should like to ask the house leader what hopes he has to express to us now with regard to the completion of the business tomorrow, and the order in which it will be approached.

Mr. Pickersgill: First of all, I should like to say that this has been a red letter day in the history of parliament, and I want to say that rarely have I seen greater co-operation on all sides of the house. I think I express the feeling of every hon. member of the house when I say that one problem which has troubled us all for a long time does appear at last to be on the way at any rate to something better than has been the case before. I am very gratified by that and I hope it is a good augury for tomorrow.

I believe it would be possible to complete the business tomorrow if it could be understood that there would be the greatest possible flexibility with the sittings. If there would be agreement that we could resume our sittings at two o'clock, and if in the evening, after taking the hour between six and seven, we could agree to go on, within reason, it might be possible to finish. If it becomes impossible perhaps we would have to go over until Saturday; but if we could sit, within reason, as long as necessary we might complete the business. There is no business beyond what I indicated last night which has not been finished.

The first item we would take, I think, would be the third reading of the economic council bill so that it could go to the other place, because they have to complete this business too if we are to get away from here. The second item would be the third reading of the excise tax bill. The third item would be the municipal loans and development bill. The fourth item would be the bill we have now just been considering. Then there would be interim supply. If it is felt by any hon. members opposite that some different order so far as the last three items are concerned would facilitate progress, although I think we should take the third readings first in order to get some business to the other place, I would be quite happy to consider any suggestions with regard to changing the order. I am told that there are some divorce bills which have completed their progress through the other place, and if in the few minutes that we have to wait at the end of the day for the hon. gentlemen and ladies in the other place to complete their work we could agree to deal with them, if the bills come over here, I should like to ask that this be done.

Mr. Churchill: With regard to the divorce bills I would say yes; we have agreed to deal with them if they reach this house. With regard to the order of business I would say yes, provided we do not get squeezed on interim supply and attempt to do it, say, at five minutes to two on Saturday morning. With regard to the hours, I prefer that we leave those flexible and we can decide how things are going tomorrow. The temper of the house was good today; if the weather remains cool tomorrow let us hope for the best.

Mr. Knowles: We are in general agreement with what has been said by the leader of the house and by the hon. member for Winnipeg South Centre but I wonder if, for the convenience of hon. members, it might not be a good idea for us to know at least part of the hours of sitting tomorrow. I would suggest from eleven till one and from two to six. Then we might start the evening sitting, if one should be necessary, at seven o'clock. Let the rest of it be flexible.

Mr. Churchill: The reason I prefer flexibility is this: I thought we could be out of here at 10.30 tonight but the hon. gentleman from Winnipeg had to make a 25-minute speech.

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

APPENDIX

LIST OF OUTSTANDING RETURNS AS OF AUGUST 1, 1963

Ref. No.	Mover	Subject	Date of order
2	Mr. Fisher—Q. No. 12	National Capital Commission acquisition of land	June 3
15	Mr. Richard—Q. No. 337	Acquisition of property, Sussex Street, Ottawa	June 10
23	Mr. Orlikow—M.P.P. No. 6	Relocation of Indians because of Power Development	June 12
33	Mr. Valade—M.P.P. No. 22	World Fair, Correspondence with Montreal Mayor	June 19
34	Mr. Valade—M.P.P. No. 23	Montreal, Route of Trans-Canada Highway	June 19
35	Mr. Knowles—M.P.P. No. 28	Expenses of Candidates, 1963, Election	June 19
36	Mr. Horner—M.P.P. No. 29	Correspondence respecting rail line abandonment	June 19
42	Mr. Martineau—Q. No. 615	Assistants and Secretaries of Ministers	June 26
45	Mr. Grafftey—M.P.P. No. 19	Municipal Development and Loan Board	June 26
46	Mr. Martineau—M.P.P. No. 24	Relating to Jointly Financed Programmes	June 26
48	Mr. Grafftey—M.P.P. No. 32	Dominion Provincial Conference	June 26
49	Mr. Grafftey—M.P.P. No. 33	Dominion-Provincial Fiscal Relations	June 26
53	Mr. Martineau—M.P.P. No. 37	Unemployment Insurance-Extension to Highways Employees, Que	June 26
54	Mr. Coates—M.P.P. No. 39	Trans-Canada Highway Construction, Atlantic Provinces.	June 26
57	Mr. Pigeon—M.P.P. No. 12	Correspondence respecting World Fair	July 3
58	Mr. Stefanson—M.P.P. No. 38	Sales tax on building materials and machinery	July 3
59	Mr. Orlikow—M.P.P. No. 42	Sales tax on building materials and machinery	July 3
60	Mr. Knowles—M.P.P. No. 43	Proposed extension of sales tax	July 3
61	Mr. Knowles—M.P.P. No. 44	Explanations of budget provisions	July 3
62	Mr. Knowles—M.P.P. No. 45	Income Tax-Procedures respecting expense account deductions	July 3
63	Mr. Martineau—Q. No. 362	Public Works Expenditures, Pontiac-Temiscamingue Constituency	July 8
69	Mr. Paul—Q. No. 850	Public Works expenditures, Berthier-Maskinonge-Delanaudiere	July 10
73	Mr. Gregoire—M.P.P. No. 46	Sales tax on building material	July 10
74	Mr. Gregoire—M.P.P. No. 47	Withdrawal of 30 per cent tax on share sales	July 10
75	Mr. Pigeon—M.P.P. No. 49	Acquisition by Quebec of Soulanges Canal	July 10
78	Mr. Martineau—Q. No. 491	Joint Federal-Provincial Programs	July 15
79	Mr. Valade—Q. No. 495	Cancellation of Tender Calls	July 15
80	Mr. Orlikow—Q. No. 585	Contracts with Fuller Construction Co. Ottawa	July 15
81	Mr. Orlikow—Q. No. 586	Contracts with H. J. MacFarland Co. Ottawa	July 15
82	Mr. Fisher—Q. No. 591	Report of Committee on Manitoba's Economic Future	July 15
84	Mr. McIntosh—Q. No 829	Persons posted or made available to Ministers, etc	July 15
86	Mr. McBain—M.P.P. No. 54	Cigarette smoking	July 17
87	Mr. Aiken—M.P.P. No. 58	Telephone calls to Wood, Gundy & Co	July 17
88	Mr. More—Q. No. 437	Conditional and unconditional Grants to Saskatchewan	July 24
89	Mr. Martineau—Q. No. 816	Protest against sales tax on building materials	July 24
98	Mr. Lambert—M.P.P. No. 55	Edmonton Municipal Airport	July 24
99	Mr. Martineau—M.P.P. No. 57	Censure motion by Quebec Legislative Assembly	July 24
100	Mr. Basford—M.P.P. No. 61	Canadian Centennial-Correspondence with B.C.	July 24
101	Mr. Basford—M.P.P. No. 63	Lease of Portion of R.C.A.F. Station Vancouver	July 24
102	Mr. Perron—M.P.P. No. 67	Unemployment Insurance Benefits to Canadians in U.S.	July 24
103	Mr. Starr—M.P.P. No. 69	Winter Works incentive program	July 24
106	Mr. Matheson—Q. No. 1111	Canadian participation in military operations	July 31

HOUSE OF COMMONS

Friday, August 2, 1963

The house met at 11 a.m.

PRIVILEGE

MR. CHEVRIER—STATEMENT RESPECTING OPINION GIVEN ON SURCHARGE ORDER

Hon. Lionel Chevrier (Minister of Justice): Mr. Speaker, I rise on a question of privilege. Last night, in answer to a question by the hon. member for Digby-Annapolis-Kings, I said there was neither a written nor an oral opinion given on the surcharge order. In so far as the written opinion is concerned, there can be no doubt; I searched and found none.

Regarding the oral opinion, in reviewing the matter when I returned to my office last evening I recollected having been advised that the matter had been discussed orally at the time. I am sorry if I unwittingly misled the house. At all events, I suggest that for the purpose of the present bill the question of whether or not there was an oral opinion, not to mention a written opinion, given to the former government is irrelevant. In my capacity as Minister of Justice and legal adviser to the crown under the Department of Justice Act, it is my opinion that the surcharge order was not validly made, and I have so advised the government. In any case, should there be only a doubt regarding this important matter it is in the public interest that such doubt be removed, and that is what the bill intends to do.

DRUGS AND PESTICIDES

CONCURRENCE IN FIRST REPORT OF SPECIAL COMMITTEE

Mr. H. C. Harley (Halton) presented the first report of the special committee on food and drugs, and moved that the report be concurred in.

Motion agreed to.

TRANSPORT

WELLAND CANAL—ANNOUNCEMENT OF DECISION TO TWIN LOCKS

Hon. G. J. McIlraith (Minister of Transport): Mr. Speaker, I have a statement to make which I think should be of interest to the house. The government has decided to proceed with the full twinning of the locks of the Welland canal, construction to commence this winter.

This project is considered essential to eliminate congestion which, traffic estimates indicate, would become acute by 1966 if the present single lock system were continued, and to provide for traffic growth. During the 1961 navigation season of 260 days, an average of four vessels were waiting on each of 162 days. This situation worsened in 1962, when on each of 194 days an average of seven vessels were waiting for transit. The same trend has continued to date in the 1963 season.

The locks to be twinned are Nos. 1, 2, 3, 7 and 8. With this expansion it is estimated that the physical capacity of the canal will be increased by 60 per cent.

It is estimated that the twinning project will cost $180 million. A bill will be introduced in this house to amend section 13 of the St. Lawrence Seaway Authority Act, increasing the authority's borrowing power to provide the means for securing the funds.

The substantial expenditures involved in the twinning project make it necessary to give serious consideration to the matter of removing the suspension of tolls which became effective July 18, 1962.

The time schedule for completing the twinning construction and associated works involves a period of slightly less than five years. This time schedule is designed to ensure maximum safety during construction, avoidance of excessive costs and minimum interruption of navigation and vehicular traffic. It is estimated that the construction program over four full years, including five winters, will require a labour force ranging from 4,000 to 6,000 men, with reasonably uniform year round employment. In preparation for this development the seaway authority proceeded in 1960 with the engineering plans necessary, and in 1962 expropriated 320 acres of land required for twinning. The construction program for twinning will be commenced this year on work essential to the whole project, which at the same time will increase the usefulness of existing facilities.

The major construction work of the new locks, 1, 2, 3 and 7, is planned to commence in the fall of 1964, with scheduled completion in 1968. At that time construction of the twin lock No. 8 at Port Colborne, not regarded as a part of the major program, will be undertaken.

With the twinning of the Welland canal, consideration will have to be given to the

over-all capacity of the seaway system. In this connection the government intends to further implement the seaway project by the construction of a lock at Cornwall, Ontario, as soon as studies indicate that it is warranted.

With a further lock in the area of Point Rockway in the United States as a counterpart of Iroquois lock, the international rapids section of the St. Lawrence river would then be twinned. When such construction is completed there will then be, in the international rapids section of the St. Lawrence river, one canal entirely in Canada and another in the United States.

Right Hon. J. G. Diefenbaker (Leader of the Opposition): Mr. Speaker, the announcement by the Minister of Transport is entirely in keeping with the views and course of action taken by the previous government. Therefore we give it complete support. As a matter of fact the announcement respecting the removal of the tolls was made following consideration by the government in, I think it was, May of 1962—

Mr. Chevrier: To suspend the tolls, not to remove them.

Mr. Diefenbaker: —and the general plan for the twinning was being fully investigated and had the entire support of the former government. It is a step that is very necessary. Because of the fact that this government chose to adopt the views that were held by the former government, and indeed all Canadians, in this regard, this is one time when there is unanimity.

Mr. D. M. Fisher (Port Arthur): Mr. Speaker, the project presented by the Minister of Transport today does reveal the weakness of some of the planning and projections we have had in Canada. It is quite apparent, and I think it should be noted, that when the tolls were removed from the Welland canal it was at a most fortuitous time, in an election campaign. However, the issue to which the minister has not referred but which is very much related to this question is that the St. Lawrence seaway authority and the funds coming to it have come nowhere near living up to the projections. Neither has the traffic growth; yet the minister today presents us with an argument, which I accept, that twinning is necessary.

It certainly seems to me that in the old projection and preparation of the very large St. Lawrence seaway authority and the tremendous spending that went on there was some kind of a gap or failure in responsibility on the part of the people who initiated and developed the project. We believe it would be a poor idea to reintroduce tolls on the section that is going to be twinned. We believe it is time for Canada and the United States to look at their losses on the St. Lawrence seaway and their future expenditures and determine whether it might not be possible to dispense completely with the idea that in regard to these canals and this twinning any attempt should be made to put it on a paying basis. Instead it should be recognized that these are just basic services that are being supplied by the government.

We are delighted to hear of the possibility of improvements at Cornwall. I only suggest to the minister that there are some indications that we could stand more marked improvements, if we are looking at the seaway system as a whole, on the Canadian canal at Sault Ste. Marie. I think the most attractive part of this project in some ways will be the work generation that will be involved in it. In this sense, if that has been part of the government's thinking, it seems to me this is the kind of social capital project in a way, if you wish, the government should be undertaking in order to provide work.

IMMIGRATION

ANNOUNCEMENT OF INTEGRATED CUSTOMS-IMMIGRATION PRIMARY INSPECTION

Hon. Guy Favreau (Minister of Citizenship and Immigration): Mr. Speaker, in my name and in the name of the Minister of National Revenue I wish to inform the house that a plan to integrate the customs-immigration primary inspection at Canadian border ports of entry has been approved by cabinet following an extensive study undertaken in 1962 by a committee of senior government officials.

Primary inspection is the initial oral examination by an officer of a person seeking to come into Canada, to determine his admissibility and classification for immigration purposes, and whether he has merchandise which must be formally entered at customs. In most ports of entry at the present time this examination is made independently, in two stages, by an immigration officer and by a customs officer.

Following a series of meetings the members of the committee came to the conclusion that in order to attain greater efficiency and economy it was necessary to consider a fully integrated system of primary inspection under the customs and excise division of the Department of National Revenue. Such a system has been recommended by the Glassco commission. In order to achieve the proposed objective a working group consisting of representatives of both departments, the civil service commission and

the treasury board will put the integrated system into effect following an operational study at each port of entry involved. These studies are expected to be completed before the end of the fiscal year 1963-64.

The integrated system of primary inspection may involve the transfer of approximately 200 positions from immigration to customs. It is expected that about 100 positions will in time—and I repeat "in time"—become surplus to requirements. I wish to make it clear that no immigration or customs officer now employed is to be deprived of his job. Immigration officers who are transferred to customs will benefit from two channels of promotion, by being made eligible to apply for promotion in the customs and immigration services.

Greater efficiency resulting from an integrated customs-immigration primary inspection will be reflected in two ways; (1) quicker examination of returning Canadians and visitors entering Canada from the United States; (ii) reduction in cost.

As the examinations will be achieved with less staff, the ultimate saving is estimated at $500,000 annually.

The main ocean ports and international airports of entry will not be affected.

Staff associations have been informed of the details of the implementation of the proposed integration plan.

LABOUR RELATIONS

NORRIS REPORT—REQUEST FOR LEGISLATION BEFORE SUMMER RECESS

On the orders of the day:

Right Hon. J. G. Diefenbaker (Leader of the Opposition): Mr. Speaker, would the Prime Minister give consideration to bringing before the house before the adjournment the legislation to which reference was made yesterday, implementing several of the recommendations of the Norris commission? I ask this because the information I have, if I might be allowed to make this statement at this time, is that it is not a very difficult matter to draft this legislation.

From what was said a few moments ago by the Minister of Justice it is apparent that we are not going to adjourn today. That being so, would the Prime Minister not think that we should go ahead now rather than leaving the matter up in the air? There is unanimity of support for action to be taken; all parties in the house are agreed. Otherwise there may very well be an invitation to further lawlessness and disorder and a tie-up of shipping which could certainly be obviated and avoided by action now.

Right Hon. L. B. Pearson (Prime Minister): As was pointed out yesterday, action could be taken by enabling legislation, and it could be taken quickly; but that would involve giving the government power by order in council, and I am sure the right hon. gentleman would not approve of this. To have the legislation prepared in detail would require a great many days of hard work by the draftsmen, and it was not possible to begin preparation of the legislation until it was clear this was the best way to proceed.

I would point out, as was pointed out yesterday by the Minister of Labour, that it was only two days ago that the labour unions affected all agreed, except the S.I.U., to a trusteeship. It would be impossible in the circumstances to have this difficult and complicated legislation prepared within a matter of weeks. It may require a strict examination of the constitutionality of the legislation, and it might mean getting in touch with the provincial governments concerned in case they have some views to express on that point. Therefore it would not be practical to take the course of action recommended by the right hon. gentleman unless the house intends to continue in session for two or three weeks longer.

Hon. Michael Starr (Ontario): I ask the Prime Minister if he would not consider the request made by the Leader of the Opposition in view of the interview which Mr. Staples, president of the national maritime union, gave this morning in which he said that if action is not taken now a blockade will be carried out by that union; that he is not prepared to wait three months for action, but wants action now.

Mr. Pearson: I listened to the report in question, and I hope it is far too pessimistic in respect of the violence which it was indicated might take place. I hope very much that the indication that this legislation is being prepared and will be made effective will hold the situation during the summer. Moreover, the Minister of Labour has said that if the situation deteriorates and violence does take place the house will be called together at once. The hon. gentleman knows, because he has had some experience with legislation of this type, that it cannot be drafted within a few days.

Mr. T. C. Douglas (Burnaby-Coquitlam): May we have some assurance from the Prime Minister that when legislation is drafted it will provide for a government trusteeship rather than the substitute action to which the Minister of Labour made some reference yesterday?

Mr. Pearson: I think I will ask the Minister of Labour to deal with that point.

Hon. A. J. MacEachen (Minister of Labour): The intention of the government to establish this trusteeship was indicated yesterday, and the legislation envisaged will develop provisions for a government trusteeship.

Mr. H. W. Herridge (Kootenay West): Has the Minister of Labour or any of his officials had any discussions with any lawyers representing Mr. Banks in the last two days?

Mr. MacEachen: I certainly have had no discussions with any person representing Mr. Banks in the last few days, nor do I believe have any officials of the department.

Mr. Starr: Can the Minister of Labour enlarge upon the constitutional difficulties other than those mentioned by the Prime Minister in his statement yesterday?

Mr. David Orlikow (Winnipeg North): The Prime Minister had said he hopes the statement made by Mr. Staples was too pessimistic, but this morning's *Globe and Mail* reports another dynamiting in Toledo in connection with the expected arrival there of the Upper Lakes ship *James North*. If there is going to be more violence of this sort I wonder whether we can expect quick action in the form of legislation.

Mr. Pearson: Action will be taken as quickly as possible. I would hope, as I have said, that the certainty that action will be taken will ease the situation at once on the great lakes.

Mr. Starr: I wish to direct a supplementary question to the Minister of Justice. In view of the recommendation by Mr. Justice Norris regarding law enforcement, to be found on page 312 of his report, would the Minister of Justice contact the attorneys general of all the provinces concerned with respect to this and extend some co-operation to ensure the preservation of law and order, since there has been some difficulty in the past in this direction?

Hon. Lionel Chevrier (Minister of Justice): Mr. Speaker, through the officers of my department I have already been in touch with the attorneys general of both provinces.

Mr. Starr: Mr. Speaker, I wonder whether the Minister of Labour would answer my question and outline the constitutional problems that are involved in this legislation.

Mr. MacEachen: Mr. Speaker, I think I ought to reply to the hon. member for Ontario and tell him that the advice I have received from the Minister of Justice and his officials is that there are important constitutional questions involved with respect to certain of the activities of the trusteeship as they affect certain phases of the activities of the unions that would be involved. In certain cases a careful study would have to be made to determine the relationship of certain union activities to the responsibility of the federal government for navigation and shipping.

I might add in elaboration of this point that part of the reason for the time needed to prepare this legislation is that a very careful study will have to be made of all the collective agreements and constitutions of these unions and their details in order to ensure that the trustees will have effective authority at the appropriate time. This careful study has already begun, and it will take some days before any drafting can begin.

POSSIBLE CONFLICT OF INTEREST IN APPOINTMENT OF COUNSEL

On the orders of the day:

Mr. David Orlikow (Winnipeg North): I should like to direct a question to the Minister of Justice. Has the government investigated the possibility of a conflict of interest ensuing from the fact that Mr. Robinette, counsel appointed to advise the government on charges arising out of the Norris report, has himself acted for or is the partner of Mr. J. W. Brooke, counsel for Reoch Shipping, who are involved with Mr. Banks in infractions of the law criticized by Mr. Justice Norris which might very well be the subject matter of criminal charges?

Hon. Lionel Chevrier (Minister of Justice): Mr. Speaker, I am grateful to the hon. member for sending notice of this question to the Minister of Labour, which he has handed to me. I have looked into the matter, without of course communicating with Mr. Robinette, and I find first that Mr. Robinette is counsel for a firm in the city of Toronto. Therefore it would not appear, I am advised, that Mr. Brooke is a partner of his.

I should like also to remind the house that what Mr. Robinette and Mr. Martineau are being asked for are legal opinions, not judicial findings. If as a result of the opinions by Mr. Robinette and Mr. Martineau prosecution follows, it will be the court that will decide on this issue of guilt or innocence and not Mr. Robinette and Mr. Martineau. However, in view of the question which the hon. gentleman has put, and which is of some importance, I intend to communicate with Mr. Robinette just as quickly as I can.

Mr. Orlikow: May I ask a supplementary question. Is the minister aware that Mr. Robinette and Mr. Brooke are listed in the

most recent Toronto telephone directory as having the same address and the same telephone number?

Mr. Chevrier: I am not aware of that, but it is quite possible. However, it does not derogate from the fact that one is counsel for a firm whereas the other is a partner therein.

B.C. FISHERMEN'S STRIKE—INQUIRY AS TO ARBITRATION

On the orders of the day:

Mr. Barry Mather (New Westminster): Mr. Speaker, I wonder whether I could direct a question to the Minister of Fisheries and ask him for what I hope will be a final progress report on the negotiations with the British Columbia fishing industry.

Hon. H. J. Robichaud (Minister of Fisheries): Mr. Speaker, as I reported to the house yesterday, negotiations resumed on Wednesday between the two parties involved, the union and the fisheries association of British Columbia. I am pleased to inform the house this morning that the situation has improved greatly in the last 24 hours. In fact, with the indulgence of the house may I be permitted to place on record part of a telegram I received at five o'clock from the union, which reads as follows:

Reurtel our central strike and policy committee decided upon receipt your telegram bearing in mind urgency expressed regarding resumption operation and failure reach agreement upon scope and terms arbitration that we shall immediately recommend to our membership acceptance of appointment by federal and provincial governments of single arbitrator whose decision shall be final and binding and that the arbitrator shall decide scope and terms of reference after consultation with both parties to the existing dispute.

A few hours later I received another telegram from the fisheries association which reads in part as follows:

—the member companies of this association are prepared to accept the decision of a single arbitrator to be appointed by the Hon. H. J. Robichaud and the Hon. L. R. Peterson as final and binding upon the matter or matters which will be agreed to be referred to him.

The only problem which remains, Mr. Speaker, consists of the details of the terms of reference. I understand that the machinery is being put into motion immediately by the union to proceed with the membership vote to approve its decision to accept arbitration. If the union vote is favourable fishing will resume at 6 p.m. on Sunday.

HOUSE OF COMMONS

INQUIRY AS TO TRANSLATION OF WORK BY BEAUCHESNE

On the orders of the day:

Inquiries of the Ministry

Mr. Gilles Gregoire (Lapointe): Mr. Speaker, I should like to address a question to the Prime Minister. Can the Prime Minister tell the house if, when he took over the government, something had been done regarding a French translation of the procedural manual by Beauchesne? Had some action been taken at that time?

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, a few days ago I got a communication from the publisher in Toronto, whose name escapes me at the moment, of the English edition of Beauchesne referring to certain correspondence between himself and the previous prime minister in respect of a French translation. We have been looking up the records and have been unable to discover any correspondence of that kind or any reference to this matter in the files. Therefore I am writing the publisher to see if I can get a copy of the correspondence that he has, in order to ascertain what has been done and what should be done.

Mr. Gregoire: I have a supplementary question for the Prime Minister. Can the Prime Minister tell us what steps are being taken at this very moment to translate Beauchesne's manual? Is some definite action being taken?

Mr. Pearson: Mr. Speaker, I hope to follow up this matter as quickly as possible, and for that purpose I am getting in touch with the publisher to find out what communications, if any, had been exchanged between him and the previous government, which have been referred to in *Hansard* but with respect to which there is no record as far as I know.

Right Hon. J. G. Diefenbaker (Leader of the Opposition): On a question of privilege, Mr. Speaker, may I point out that there was communication. I have often found that some people file in such a way that they cannot find things. I can only say that there was communication. There was verbal communication involving very considerable discussion of the subject with a representative of the publishers; and speaking now from memory, though I am reasonably certain that this is so, there was also written communication because otherwise there would not have been a meeting between me and a representative of the publishers.

Mr. Pearson: Mr. Speaker, if there are written communications they are not in the files.

Mr. Diefenbaker: Mr. Speaker, that statement is quite unjustified on the part of the Prime Minister. I am rising on a question of privilege. I say that the communications are there. We have had several examples in the

last two days of statements made that have no foundation, and this is one of them.

Mr. Pearson: Mr. Speaker, the right hon. gentleman is getting very irritable. I have had an opportunity to look at the files. This has been done, and I have said there are no written communications in the files. Is the right hon. gentleman in a position to deny that?

Mr. Diefenbaker: Yes.

Mr. Gregoire: Mr. Speaker—

Mr. Speaker: Order. I am sure the hon. member for Lapointe must realize that his basic question has been answered to the best of the ability of those concerned.

Mr. Gregoire: No, Mr. Speaker, I do not think I have had an answer to my last question. My question was, are any steps being taken so that a translation will be made? Is something actually being done by this government?

Mr. Pearson: Yes, Mr. Speaker, steps are being taken. The first step we are taking is to try to find out what the previous government did, because in the last session of parliament they intimated that something was being done.

Mr. Gregoire: Yes, but that is not a step taken with regard to the actual translation of the manual.

Mr. Diefenbaker: I rise on a question of privilege. I am now informed that a letter written to the Carswell Company referring to Beauchesne was dated October 25, 1962; that enclosed in that letter was a copy of *Hansard* of October 19, 1962, as referred to at page 705. What I shall do is write to Carswell and secure that letter from them. If the Prime Minister says it is not in the files then I do not know where it has been misplaced, but I will secure the original from the company.

Mr. Pearson: This is the letter which the publisher referred to in his letter to me, which I have now received.

Some hon. Members: Oh, oh.

Mr. Pearson: I did not know this question was coming up this morning, but the letter of July 30 has just now been sent down to my desk, and the letter referred to by the publisher from the then prime minister was of November last, as the right hon. gentleman states.

When I got this letter from the publisher I made inquiries and I was informed there was no correspondence on file in the prime minister's office or the privy council office dealing with this matter, even though we knew the letter was received in November. It is possible that the right hon. gentleman may have taken this letter away with him when he removed his files from the prime minister's office when he left office.

Mr. Diefenbaker: I would be delighted if the right hon. gentleman would table that letter, because apparently he was aware of the fact that I had written it.

Mr. Pearson: Yes, but I am also aware of the fact that the letter is not in the files, and the right hon. gentleman, when he left office, removed a lot of the files from the Prime Minister's office.

Mr. Diefenbaker: I followed the course of removing those that were personal, and that is a course which has always been followed; but the right hon. gentleman now has a smokescreen. He had the letter he knew I had written, and did not want the house to know.

Mr. Pearson: Mr. Speaker, I would ask the right hon. gentleman if he would examine the files he removed in order to get this letter and return it to me so I can put it on the record.

Mr. Diefenbaker: The right hon. gentleman misled the house.

Mr. Marcel Lessard (Lake St. John): Mr. Speaker, I have a supplementary question for the Prime Minister regarding the removal of files by the former prime minister when he left office. Does the Prime Minister think that the former prime minister took with him his commitment in regard to Canada acquiring nuclear arms?

Mr. Pearson: No, Mr. Speaker, I have no thought of that kind. It is of course quite customary for outgoing prime ministers and cabinet ministers to take personal files away with them. I have asked the former prime minister whether he will examine the files that he removed from the Prime Minister's office—and a great many were removed—to see whether this particular letter was not inadvertently removed also, the letter which was referred to in the letter I received from the publisher only yesterday.

Mr. Diefenbaker: But the answer was given in the house today, and it was untrue.

Mr. Speaker: Order. This is Friday, a fish day, and the sooner we complete the question period the sooner we can go fishing.

INQUIRY AS TO PAY INCREASES FOR CERTAIN STAFF MEMBERS

On the orders of the day:

Mr. R. A. Webb (Hastings-Frontenac): Mr. Speaker, I should like to ask the Acting Minister of Finance whether further consideration is going to be given to an increase in salary for the barbers, locksmiths, carpenters, upholsterers and furniture finishers, who I understand are the only employees of the house who have not received an increase? There are approximately 10 men involved in these trades.

Hon. J. W. Pickersgill (Secretary of State): Mr. Speaker, I think the hon. gentleman is under the misapprehension that I am Acting Minister of Finance. I am not. I do not think the acting minister knows the answer to the question any more than I do, but one of us will make inquiries and give an answer later today.

Mr. Nowlan: This comes under the commissioners of internal economy.

Mr. Pickersgill: I might just say that I have been advised by the hon. member for Digby-Annapolis-Kings, who was paying closer attention than I was, that this would be a matter for the commissioners of internal economy. I am one of them and His Honour is the chairman, and I am sure His Honour will ask to have the matter considered.

Mr. Speaker: May I reply by saying that the matter is under consideration at the present time.

LABOUR CONDITIONS

CONSIDERATION OF BRIEF OF RAILWAY RUNNING TRADES

On the orders of the day:

Mr. D. M. Fisher (Port Arthur): Mr. Speaker, I want to ask the Minister of Labour a question, notice of which I gave him a few days ago. My question relates to a brief presented to him two weeks ago by the national legislative committee of the railway running trades. I should like to ask the minister what reply or what consideration he has given to the recommendations in this brief, particularly those asking for alterations in the Industrial Relations and Disputes Investigation Act so as to give railway workers better protection in branch line abandonment and run-through areas.

Hon. A. J. MacEachen (Minister of Labour): Mr. Speaker, the hon. gentleman is correct in that the Minister of Transport and I had a meeting with these gentlemen some time ago at which a brief was presented making a number of recommendations, including certain amendments to the Industrial Relations and Disputes Investigation Act and a request to have an industrial inquiry commission set up to investigate certain phases of this particular problem.

At that time the Minister of Transport and I had a very useful discussion with the representatives involved. Up to the present it has not been possible for me to reach a decision and make a possible proposal to the government on the matter, but it will receive attention as quickly as possible.

Mr. Fisher: A supplementary question. Is the idea of an inquiry still in the minister's mind?

Mr. MacEachen: Yes, it is still there.

(Translation):

TRANS-CANADA HIGHWAY

MONTREAL—PROPOSED CHANGE IN PROJECT

On the orders of the day:

Mr. L. J. Pigeon (Joliette-L'Assomption-Montcalm): Mr. Speaker, I wish to direct a question to the Minister of Public Works. Following the answer he gave previously to a question, can the minister tell the house when a final decision will be reached in respect to the trans-Canada highway project in the Montreal area, following discussions at a meeting with the provincial minister of highways.

Hon. J. P. Deschatelets (Minister of Public Works): Mr. Speaker, we must be supplied with some technical information by the Quebec government before a decision can be reached concerning a change in the layout of the trans-Canada highway in Montreal.

(Text):

GRAIN

BRITISH COLUMBIA—AUTHORIZATION OF DELIVERIES OUTSIDE QUOTA

On the orders of the day:

Mr. Jack McIntosh (Swift Current-Maple Creek): Mr. Speaker, I wish to direct my question to the Minister of Trade and Commerce. In view of a recent decision of the Canadian wheat board, as reported in this morning's *Globe and Mail,* to authorize permit holders at five delivery points in British Columbia to make deliveries of wheat, oats and barley outside the existing quota, would the minister explain to the house the reasons for this action in view of the serious implications involved?

Hon. Mitchell Sharp (Minister of Trade and Commerce): Mr. Speaker, I regret that I am not able to explain the reasons for the wheat board action at this moment. I am in touch

with the wheat board, and perhaps later this day I might have an opportunity to provide the information.

Mr. McIntosh: A supplementary question. In view of the minister's remarks, and also in the absence of a federal feed grain policy, is it not an improper use of a producers' marketing board for this action to be taken?

Mr. Sharp: I just want to say that the wheat policy of the Canadian government has been announced in so far as initial prices are concerned and in so far as the new program of surplus disposal is concerned. Otherwise the Canadian wheat board, which is directed by parliament to sell Canadian wheat to best advantage, continues in existence and is operating just as vigorously as it ever has operated.

Mr. McIntosh: Mr. Speaker, surely parliament did not direct the Canadian wheat board to go outside its regulations.

TRANSPORT

NORTH SYDNEY-NEWFOUNDLAND—INQUIRY AS TO SECOND FERRY

On the orders of the day:

Mr. Robert Muir (Cape Breton North and Victoria): Mr. Speaker, on July 18 I addressed a question to the Secretary of State relating to the proposed second ferry between North Sydney and Newfoundland. The reply I received was that there would be action in the near future. In view of the fact we are approaching adjournment I wonder if the minister would indicate whether "in the very near future" means today or soon?

Hon. J. W. Pickersgill (Secretary of State): I am afraid that I answered the hon. gentleman's question because I happened on that day to be Acting Minister of Transport. It would hardly be proper for me to usurp the functions of my colleague today, much as I should like to answer the question. The hon. members for St. John's West and St. John's East have, I know, had this matter very much in mind. I hope the Minister of Transport can give a good answer.

Hon. G. J. McIlraith (Minister of Transport): I think I could assure the hon. gentleman that an answer will be given soon.

Mr. Muir (Cape Breton North and Victoria): May I ask a supplementary question. I wonder if the minister would take into consideration the excellent work that could be done in the summer months in preparing docks.

Mr. McIlraith: I can assure the hon. gentleman that the minister is well aware of all the implications in this matter.

[Mr. Sharp.]

GRAIN—REQUEST FOR USE OF PORTS OF HALIFAX AND SAINT JOHN

On the orders of the day:

Mr. Thomas M. Bell (Saint John-Albert): Mr. Speaker, I wish to address a question to the Minister of Transport. In view of his announcement a few moments ago regarding expenditures for the seaway system, which can only be further to the detriment of maritime ports, has the minister any good news in reply to my question of a few days ago regarding the possibility of directing shipments through Saint John, which would ease the glut of 2 million bushels of grain now stored there?

Hon. G. J. McIlraith (Minister of Transport): Mr. Speaker, I do not accept the proposition that the twinning of the locks on the Welland canal will be to the detriment of Saint John, but as to the desirability of having more shipping through the port of Saint John I am in complete accord with the hon. member, and will look at anything that can be done to increase shipping through that port and the port of Halifax, the two ports where there is a problem as he has indicated.

Mr. Bell: With respect to the twinning of the locks, now that this matter has been completed would the minister direct his energies to moving ahead with the Chignecto canal, which would be a similar project?

EXTERNAL AFFAIRS

WEST GERMANY—LEGISLATION RESPECTING PAYMENT OF WAR CLAIMS

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): In the absence of the Secretary of State for External Affairs I wish to ask the Prime Minister a question. My question is based on information from Europe and the fact that time is running out if certain Canadian citizens are going to receive justice.

In view of the fact that the draft of the final law on the question of compensation to victims of nazi tyranny now being considered by the West German government completely ignores many of the just demands made by the victims of naziism now resident in Canada, would the minister inform the house what action the government is taking to assist Canadian citizens in obtaining adequate compensation from the West German government for their sufferings in the defence of freedom?

Right Hon. L. B. Pearson (Prime Minister): We are not yet aware of the details of the legislation to which my hon. friend has referred. We have been informed that it has

not yet passed the West German parliament. We have asked for the text of the legislation, which we expect to acquire very shortly, and when it becomes available we will examine it to see to what extent Canadian interests are affected and what can be done, if they are affected, to protect them.

(Translation):

STORMS

QUEBEC—REQUEST FOR FEDERAL ASSISTANCE

On the orders of the day:

Mr. Gerard Laprise (Chapleau): Mr. Speaker, I should like to direct a question to the Prime Minister.

I learned with pleasure that the Quebec government had decided to grant financial help in the amount of $640,000 to the victims of Abitibi West. Can the Prime Minister tell us whether the Quebec government has requested the federal government's assistance and, in that case, to what extent does the government intend to help the victims of Abitibi West?

(Text):

Right Hon. L. B. Pearson (Prime Minister): To my knowledge, Mr. Speaker, no such request for additional assistance has been received from the provincial government.

(Translation):

ADMINISTRATION OF JUSTICE

LEOPOLD DION—APPOINTMENT OF LAWYER AND PSYCHIATRIST TO STUDY RECORDS

On the orders of the day:

Hon. Lionel Chevrier (Minister of Justice): Mr. Speaker, I should like to take this opportunity to reply to another question which was asked me concerning a man called Dion.

On July 25, I stated that I was looking for a psychiatrist and a lawyer. I have now found both of them. The psychiatrist is Dr. Fernand Côté, associate professor of psychiatry at the University of Montreal and chief of the department of psychiatry at Maisonneuve hospital. The lawyer is Mr. Norman Borins, of Toronto.

(Text):

BUSINESS OF THE HOUSE

SURCHARGE ORDER—REQUEST FOR DELAY IN LEGISLATION

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, I should like to direct this question to either the Prime Minister or the Minister of Justice. In view of the fact that the house, by its votes on the second reading of Bill No. C-88, has indicated what it would do if necessary, will the government now consider delaying any further action on that bill until the Exchequer Court of Canada reached a decision on the matters referred to it?

Hon. Lionel Chevrier (Minister of Justice): Mr. Speaker, I should like to point out to the hon. member that there is a substantial sum of money involved in this matter, I believe some hundreds of millions of dollars, and that by bringing forward this legislation the government has indicated it is important, because of the doubt, to validate this order by act of parliament. I think under the circumstances I would hesitate to recommend that the matter be delayed.

Mr. Knowles: May I ask a supplementary question, Mr. Speaker. Has it not been clearly indicated by the house that if the decision were that the order is invalid, legislation would be passed and would be made retroactive? Would it not be a good idea to have the court's decision rather than argument back and forth by assertion?

Mr. Chevrier: Well, I doubt whether that would be so. In any event, I should like to have a further look at it, perhaps during the luncheon recess. The matter will not be reached before luncheon, I expect, and I will be pleased to look at it in the meantime.

CANADIAN NATIONAL RAILWAYS

MANSEAU, QUE.—IMPROVEMENT OF LEVEL CROSSING

On the orders of the day:

Hon. G. J. McIlraith (Minister of Transport): Mr. Speaker, yesterday the hon. member for Lotbiniere asked me a question concerning the Quebec department of highways application to the board of transport commissioners dealing with the widening of the level crossing in the village of Manseau.

I want to inform the hon. member than an application was made to the board in April, that the applicant was granted authority to widen, at its own expense, the highway where it crossed over the railway; that the order fixed the cost of maintenance of the widened crossing at 66⅔ per cent by the C.N.R. and 33⅓ per cent by the applicant; that in the same order authority was granted to the railway to relocate and revise the existing automatic protection signals; that the cost of relocating and revising the said protection was to be borne and paid by the applicant, and that the cost, maintenance and operation of the protection as relocated and revised was to be borne 50 per cent by the applicant and 50 per cent by the C.N.R.

INQUIRY AS TO REAPPOINTMENT OF PRESIDENT

On the orders of the day:

Mr. D. M. Fisher (Port Arthur): Mr. Speaker, I should like to ask the Prime

Minister a question based upon what I hope is a wildly speculative story in *Le Devoir* of yesterday. Has the Prime Minister received representations from the Minister of Justice regarding the removal of Donald Gordon from Canadian National Railways because of his attitude toward French Canadians working on the railway? If he has, I wonder if he could tell us whether any consideration is being given to renewing Mr. Gordon's relationship with Canadian National Railways in September, when I understand it terminates?

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, I think the hon. gentleman's question is not only out of order but is wildly speculative.

Mr. Fisher: Mr. Speaker, I think the question is not out of order. I would like to put it to the Prime Minister for this reason. There has been considerable discussion in public about this matter, and I think it is fair to ask that the rumours be denied.

Mr. Pearson: Surely, Mr. Speaker, it is out of order to ask a question about conversations between two members of the cabinet.

Mr. Gilles Gregoire (Lapointe): A supplementary question to the Prime Minister, Mr. Speaker.

(Translation):

In view of the fact that the contract of the Canadian National's president has to be renewed during the recess, could the Prime Minister tell us now whether steps or discussions have been undertaken for the renewal of Mr. Gordon's contract or for the appointment of another person as president of the Canadian National Railways?

(Text):

Mr. Pearson: Mr. Speaker, a decision will be taken on this matter and an announcement made in the house in due course. At that time the information will be given.

WORLD FAIR

REQUEST FOR ESTIMATE OF COST OF SITE

On the orders of the day:

Mr. Lloyd R. Crouse (Queens-Lunenburg): Mr. Speaker, I would like to direct a question to the Minister of Public Works. In view of an editorial in this week's *Financial Post* stating that preparation of the world's fair site in Montreal would cost between $500 million and $700 million, would the minister inform the house whether this is a correct estimate? If so, would he give consideration to some other site less expensive to the Canadian taxpayers?

Mr. D. M. Fisher (Port Arthur): On a question of privilege, Mr. Speaker, a number of hon. members, including myself, have questions on the order paper relating to this very matter, and I feel that one of my questions on the order paper is on all fours with the inference which the hon. member has raised. I would like to point out that if the government, through its minister, can answer an oral question, when it has for several weeks passed over a specific question on the order paper, then it seems to present an unfairness to the order paper questions.

Mr. Speaker: I think the hon. member's remarks are well taken, but it is impossible to rule on a question until I hear it. Consequently I only have partial control until I hear the question.

MINES AND TECHNICAL SURVEYS

INQUIRY AS TO ASSISTANCE TO GOLD PRODUCERS

On the orders of the day:

Hon. Paul Martineau (Pontiac-Temiscamingue): Mr. Speaker, I wish to direct a question to the Minister of Mines and Technical Surveys. Can he say whether the government is considering any measures to extend or increase the assistance to Canadian gold producers?

Hon. W. M. Benidickson (Minister of Mines and Technical Surveys): Mr. Speaker, the former minister is well aware that there are another five months to go during which this type of assistance will be paid, and I can assure him that during our recess the matter will be considered.

AIR TRANSPORT

ASSISTANCE TO PASSENGERS STRANDED IN ENGLAND

On the orders of the day:

Mr. Fred F. Stenson (Peterborough): Mr. Speaker, I wish to direct a question to the Minister of Transport. Would his department consider arranging to bring back to Canada those 86 people who are stranded in England through the failure of a commercial air line to live up to its commitments? There are also 37 Britons stranded here in Canada.

Hon. G. J. McIlraith (Minister of Transport): Mr. Speaker, I am familiar with this situation and I do not think it is proper to say that the air line was not living up to its commitment. The air line took the precaution to have its senior representative fly to Toronto, when these people were going overseas, to hand them individually their one way tickets for the express purpose of having the opportunity to advise and warn each of them that they did not have return tickets, and that the air line would not return them to Canada unless it were paid the fare. That having been done, I do not know there is

much that can properly be done by the department at the taxpayer's expense.

I must say I have a great deal of sympathy for the plight of these people, and I think it most unfortunate that after what I hope was a very happy and pleasant holiday on the other side they now find themselves without return tickets. But I think it would be a pretty dangerous precedent for the government to take taxpayers' money and expend it to provide return tickets when the individuals, if I am correctly informed as I believe I am, were warned before they went that they did not have return tickets and that the air line would not fly them back unless return tickets were paid for.

Hon. A. J. MacLean (Queens): I have a supplementary question, Mr. Speaker. I would like to ask the Minister of Transport whether consideration has been given to having the Department of External Affairs advance money, as is sometimes done, to those would-be passengers who are Canadian citizens, to allow them to return to their homes and jobs.

Mr. McIlraith: Mr. Speaker, so far I understand there has been no request from any of them for an advance of money.

(Translation):

NORTHERN AFFAIRS

QUEBEC—INQUIRY AS TO TRANSFER OF JURISDICTION

On the orders of the day:

Hon. Paul Martineau (Pontiac-Temiscamingue): Mr. Speaker, I have a question for the Prime Minister.

Is he considering the possibility of direct negotiations with Mr. Lesage concerning the transfer of jurisdiction over New Quebec to the government of the province of Quebec?

(Text):

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, that matter is already under study, as the house knows, by at least two members of the cabinet.

PUBLIC WORKS

CLINTON, ONT.—INQUIRY AS TO NEW POST OFFICE

On the orders of the day:

Mr. L. E. Cardiff (Huron): Mr. Speaker, I have a question for the Minister of Public Works. I sent him notice of the question yesterday. Could the minister tell me whether any progress has been made with respect to a start on the new post office building at Clinton, Ontario?

Mr. Hubert Badanai (Parliamentary Secretary to Minister of Public Works): Mr. Speaker, on behalf of the minister I am very happy to inform the hon. member that the architect has submitted his preliminary sketches in which some revisions have been made, and he is now preparing the working drawings and specifications. It is planned that tenders will be called in October, for a completion date in September, 1964.

INDIAN AFFAIRS

INQUIRY AS TO SETTING UP COURT OF CLAIMS

On the orders of the day:

Mr. T. S. Barnett (Comox-Alberni): Mr. Speaker, I have a question for the Minister of Citizenship and Immigration. I would like to ask the minister whether we may expect that there will be prepared for submission to parliament when we return from the recess, draft legislation in respect of the establishment of a court of Indian claims, which is a matter of great concern to many residents of this country.

Hon. Guy Favreau (Minister of Citizenship and Immigration): Mr. Speaker, I must say this is a question which has already been thoroughly reviewed, and it is my intention to submit to cabinet a recommendation for the establishment of such a court upon the return of the house.

(Translation):

ROYAL CANADIAN MOUNTED POLICE

REQUEST FOR INVESTIGATION INTO UNDERCOVER ACTIVITIES

On the orders of the day:

Mr. Marcel Lessard (Lake St. John): Mr. Speaker, I should like to direct a question to the Minister of Justice.

In view of the statements made by the man named Watson about the murder of Rocky Pearson, which appeared in *La Presse* yesterday, as well as the part played by an agent of the R.C.M.P., does the minister intend to have an investigation made within this police force, in order to throw some light on its activities?

Hon. Lionel Chevrier (Minister of Justice): Mr. Speaker, I have read the statements in *La Presse* as well as in other newspapers. I have no intention of having an investigation made, at least not before knowing the issue of the trial. Of course, when such a matter is before the courts, one must wait until judgment has been passed. I surely cannot make a statement with respect to that question without being aware of the final decision.

Inquiries of the Ministry

(Text):

NATIONAL REVENUE

COLLECTION OF INCOME TAX FROM B.C. ELECTRIC COMPANY

On the orders of the day:

Hon. J. R. Garland (Minister of National Revenue): Mr. Speaker, yesterday the hon. member for Vancouver Quadra asked me two questions regarding possible courses of action by the Department of National Revenue with respect to B.C. Electric Company. I am afraid I can only say that our department understands an appeal will be made from this judgment to the British Columbia court of appeal, and the tax situation will have to await the outcome of that appeal.

INCOME TAX

INQUIRY AS TO PROVISIONS OF AMENDING LEGISLATION

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, may I direct a question to either the house leader or the Acting Minister of Finance. My question relates to the status of that part of the budget represented in amendments to the Income Tax Act. As the government knows, on July 23 the Minister of Finance said the bill to amend the Income Tax Act would be introduced momentarily. We have not seen it yet. I am not asking for a debate today, obviously; but should we not have the bill and have first reading so we will know before the recess what are the statutory changes that are being made?

Hon. J. W. Pickersgill (Secretary of State): Mr. Speaker, I think I would prefer to make inquiries of the department and give an answer later this day, which I undertake to do.

POWER

COLUMBIA RIVER—REFERENCE OF TREATY TO HOUSE COMMITTEE

On the orders of the day:

Mr. D. V. Pugh (Okanagan Boundary): Mr. Speaker, may I ask a question of the Prime Minister concerning the Columbia river treaty. Should agreements on the Columbia be reached with the province of British Columbia during the recess, will the committee on external affairs be called to consider the agreement, so that no delay may occur in starting the project?

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, I can give my hon. friend the assurance that the committee on external affairs will be called as soon as the treaty can be submitted to it. That will require, of course, signature by the United States as well as agreement with the government of British Columbia.

Mr. Pugh: A supplementary question, Mr. Speaker. Should this agreement arise during the recess, will the committee be called back?

Mr. Pearson: Mr. Speaker, a committee cannot sit unless the house is in session—

Some hon. Members: Oh?

Mr. Pearson: —and the house will resume in September.

Mr. Knowles: Order.

Mr. Pearson: Well, unless the house is sitting.

Mr. Pugh: Then might the house be recalled to consider this treaty?

Mr. Pearson: That is a different question, Mr. Speaker. The hon. member suggests that if the changes in this treaty are agreed on with the United States and all the preliminaries have been cleared away, the House of Commons should be asked to resume its sittings in order to consider the treaty. That is another matter, and I will give consideration to it in the light of developments.

(Translation):

TRADE

RED CHINA—SUGGESTED CHANGE IN POLICY

On the orders of the day:

Mr. Marcel Lessard (Lake St. John): Mr. Speaker, considering the statement made last night by the President of the United States to the effect that China is becoming the greatest threat to world peace, can the Prime Minister inform the house whether the government intends to reconsider its trade policy with that possible world enemy?

(Text):

Right Hon. L. B. Pearson (Prime Minister): The trade policy, in so far as mainland, communist China is concerned, is governed by an arrangement made with our allies. This arrangement, which has been accepted by this government, prevents trading with communist China in all matters of any strategic importance. At the moment there is no intention of changing that policy.

(Translation):

BUTTER—POSSIBLE SALES TO UNITED KINGDOM

On the orders of the day:

Mr. Clement Vincent (Nicolet-Yamaska): Mr. Speaker, I have a question for the Minister of Agriculture. Could he tell the house whether his department has completed its research on the possible selling of butter to Great Britain and, if in the affirmative, could the minister table a report on that research,

and state whether Canada will be able to sell butter on the British market in 1963, in view of the circumstances which prevail over there?

(Text):

Hon. Harry W. Hays (Minister of Agriculture): Mr. Speaker, the subject mentioned by the hon. member is under study. Due to the price of butter at the moment we question whether this will be possible; nevertheless we are studying it, and if it is possible we will see to it that our markets are enlarged.

WHEAT—INQUIRY AS TO NEGOTIATIONS WITH RED CHINA

On the orders of the day:

Mr. Reynold Rapp (Humboldt-Melfort-Tisdale): Mr. Speaker, I should like to direct a question to the Minister of Trade and Commerce. Will the minister be in a position to inform the house before the recess how trade negotiations are proceeding in connection with the sale of wheat to China?

Hon. Mitchell Sharp (Minister of Trade and Commerce): Mr. Speaker, I am very happy to inform hon. members that I have just received news that the negotiations have been concluded successfully. The wheat board will be making a statement this afternoon, and I hope I shall have the opportunity later of giving the substance of the wheat board's statement to hon. members.

(Translation):

ARTS, LETTERS AND SCIENCES

ROYAL COMMISSION—SUGGESTED INCREASE IN MEMBERSHIP

On the orders of the day:

Mr. L. J. Pigeon (Joliette-L'Assomption-Montcalm): Mr. Speaker, I should like to direct a question to the Prime Minister. In view of the numerous requests which he has received from certain groups about the royal commission on biculturalism, does the Prime Minister intend to increase the commission's membership, in order to comply with those groups' requests?

(Text):

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, the only consideration in that regard is being given to a suggestion that there might be an additional member from British Columbia, but no decision has been taken yet. That would be the only increase which would be made, if one were made.

TRADE AND COMMERCE

ADDITIONAL SERVICES TO BE PROVIDED BY ADVERTISING AGENCY

On the orders of the day:

Inquiries of the Ministry

Mr. D. M. Fisher (Port Arthur): Mr. Speaker, I want to ask the Minister of Trade and Commerce a question, one which I would have placed on the order paper but I was informed that it would be better put on orders of the day. The question is in relation to the advertising contract which the McLaren's advertising agency holds with the Department of Trade and Commerce. I want to ask the minister whether there is any agreement, verbal or written, that McLaren's advertising agency will provide other services than those which are going to the government, say to the Liberal party, as a result of this contract.

Mr. Speaker: Order. I regret to say that I think this question is out of order on several grounds. First, it should relate to public affairs and the hon. member is asking a question relating, if you wish, to private party matters. Second, he is making an allegation, or a statement, or an assertion. Therefore I would suggest that if he wishes to ask this question he submit it to me in writing so that it can be carefully considered to see whether or not it is in order.

Mr. Fisher: The question as I understood it, Mr. Speaker, was referred to you, but I should just like to say this. You said that this question concerned a private affair. If there is any understanding regarding a public contract which carries over into the private field, if political party management is a private field, then I would say that this is very much a question for the public and for this house. However, I will accept your suggestion.

Hon. Mitchell Sharp (Minister of Trade and Commerce): Mr. Speaker, could I be permitted to answer this question. If the question is in order—and I am not suggesting it is—the answer is no.

AGRICULTURE

REQUEST FOR INCREASED ADVANCE PAYMENTS ON FARM STORED GRAIN

On the orders of the day:

Mr. E. Nasserden (Rosthern): Mr. Speaker, I should like to direct a question to the Minister of Trade and Commerce. Due to the serious grain congestion problem which is developing in western Canada, would the minister consider the advisability of amending the cash advances legislation to provide for an increase in the maximum amount available to individual farmers as advances on their grain in store on farms?

Hon. Mitchell Sharp (Minister of Trade and Commerce): Mr. Speaker, the possible amendment of this act is under consideration.

Division

ECONOMIC COUNCIL OF CANADA

PROVISION FOR ESTABLISHMENT AND DEFINITION OF DUTIES

Right Hon. L. B. Pearson (Prime Minister) moved the third reading of Bill No. C-72, to provide for the establishment of an economic council of Canada.

Hon. Michael Starr (Ontario): I made a reservation with respect to this when I spoke on clause 22. It had to do with the elimination of the national productivity council. I do not intend to go over what I said at that time, it is on record in *Hansard*. But in view of my feeling on this matter and, I know, the feeling of many members of this house, I wish to move, seconded by my hon. friend from Winnipeg South Centre (Mr. Churchill):

That the said bill be not now read a third time but that it be referred to the committee of the whole house with the instruction that they have power to amend it by eliminating therefrom clauses 22 and 11, the objective being to continue the national productivity council.

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

YEAS

Messrs:

Aiken
Alkenbrack
Bell
Chatterton
Churchill
Clancy
Crouse
Danforth
Diefenbaker
Doucett
Fairweather
Fane
Fleming (Okanagan-Revelstoke)
Flemming (Victoria-Carleton)
Gundlock
Hamilton
Harkness
Horner (The Battlefords)
Jorgenson
Korchinski
Lamb
MacEwan
MacLean (Queens)
MacRae
McBain
McCutcheon
McIntosh
Martineau
Monteith
Muir (Cape Breton North and Victoria)
Nasserden
Nugent
Pascoe
Pigeon
Pugh
Rapp
Rheaume
Ricard
Skoreyko
Southam
Starr
Stefanson
Stenson
Thomas
Watson (Assiniboia)
Webb
Willoughby
Winkler—48.

NAYS

Messrs:

Armstrong
Asselin (Notre Dame de Grace)
Barnett
Basford
Batten
Beaule
Bechard
Beer
Belanger
Benidickson
Berger
Blouin
Boulanger
Boutin
Cadieux (Terrebonne)
Cameron (High Park)
Cameron (Nanaimo-Cowichan-The Islands)
Cantin
Cardin
Caron
Carter
Cashin
Chevrier
Choquette
Côté (Longueuil)
Cowan
Cyr
Deachman
Denis
Deschatelets
Douglas
Drouin
Drury
Dube
Emard
Ethier
Eudes
Favreau
Fisher
Foy
Frenette
Garland
Gauthier
Gelber
Girouard
Godin
Granger
Gray
Greene
Gregoire
Groos
Guay
Habel
Haidasz
Hahn
Harley
Hellyer
Herridge
Honey
Jewett, Miss
Klein
Knowles
Konantz, Mrs.
Lamontagne
Laniel
Latulippe
Laverdiere
Leboe
Leduc
Lessard (Lake St. John)
Lessard (St. Henry)
Loiselle
MacEachen
MacNaught
McIlraith
McMillan
McWilliam
Martin (Timmins)
Mather
Matheson
Matte
Moreau
Mullally
Munro
Nicholson
O'Keefe
Olson
Orlikow
Ouellet
Pearson
Pennell
Pepin
Perron
Peters
Pickersgill
Pilon
Plourde
Prittie
Regan
Richard
Rinfret
Robichaud
Rochon
Rock
Rondeau
Rouleau
Ryan
Sharp
Tardif
Temple
Tucker
Wahn
Walker
Watson (Huntingdon-Laprairie)
Webster
Whelan—116.

Mr. Brown: I was paired with the hon. member for Simcoe East (Mr. Rynard). Had I voted, I would have voted against the amendment.

Mr. Badanai: I was paired with the hon. member for Victoria-Carleton (Mr. Flemming). Had I voted, I would have voted against the amendment.

Mr. Roxborough: I was paired with the hon. member for Regina City (Mr. More). Had I voted, I would have voted against the amendment.

Mr. Teillet: I was paired with the hon. member for Portage-Neepawa (Mr. Enns). Had I voted, I would have voted against the amendment.

Mr. Mackasey: I was paired with the hon. member for Bow River (Mr. Woolliams). Had I voted, I would have voted against the amendment.

Mr. Francis: I was paired. Had I voted, I would have voted against the amendment.

Mr. Coates: I was paired with the hon. member for Niagara Falls (Miss LaMarsh). Had I voted, I would have voted in favour of the amendment.

Mr. Speaker: Is it the pleasure of the house to adopt the main motion?

Some hon. Members: On division.

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

Mr. E. Nasserden (Rosthern): May I raise a point of order, Mr. Speaker. My point of order is that the bill that has just been passed involves one of the prerogatives of the crown and therefore requires the consent of the crown before it can be given third reading in the house. I refer you, sir, to citation 283 of Beauchesne's Parliamentary Rules and Forms, page 231, fourth edition, where it is stated that the royal consent cannot be communicated in committee, is generally given at the third reading—

Mr. Speaker: I am very sorry but I will have to interrupt the hon. member. This point of order should have been raised before third reading was given. The house has voted on the matter and I must rule that the point has been settled.

Mr. Nasserden: With all due respect, sir, I believe I can give you authorities—

Mr. Speaker: I am sorry, but the authorities do not overrule the decision of the house.

Mr. Nasserden: I wonder if you would hold your decision, Mr. Speaker—

EXCISE TAX ACT

Hon. Mitchell Sharp (for the Minister of Finance) moved the third reading of Bill No. C-90, to amend the Excise Tax Act.

Mr. Speaker: The Leader of the Opposition.

Mr. Nasserden: I should like to quote the authorities I have to offer you, Mr. Speaker.

Mr. Speaker: I do not know how I can express myself more clearly. I suggest that there has been a decision of the house which overrides all the authorities you care to quote.

Mr. Nasserden: I rose immediately after third reading, and I should like to quote the authorities I have in the rule books which I have before me.

Mr. Speaker: The Leader of the Opposition.

Right Hon. J. G. Diefenbaker (Leader of the Opposition): Mr. Speaker, I do not intend to repeat arguments that were advanced by members of the opposition regarding certain portions of this bill. I shall restrict myself, therefore, to moving, seconded by the hon. member for Digby-Annapolis-Kings (Mr. Nowlan):

> That this bill be not now read a third time but be referred back to the committee of ways and means for the purpose of amending it to maintain the exemptions under the provisions of the excise tax from manufacturers sales tax on building materials and machinery, and machinery and apparatus to be used in manufacture or production.

It will be noted from what I have read what this amendment purports to do, and that is to ask for a direction that this bill be referred back to the committee of ways and means so that the sales tax provision in so far as it applies to building materials and machinery, and machinery and apparatus to be used in manufacture or production, shall not be altered.

Mr. Stuart A. Fleming (Okanagan-Revelstoke): Mr. Speaker, before the question is put I wish to emphasize why in my view it is most essential that the amendment be passed by the house. In the course of the debate on this bill I drew to the attention of the Minister of Finance the fear I had, that by imposing an 11 per cent sales tax on building materials and production machinery we might remove from all economic possibility of development the programs that are contemplated for the great river systems in British Columbia, and any other such river systems for the production of hydroelectric power.

I endeavour to emphasize the competing sources of power that are becoming rapidly available, and I endeavoured to emphasize what the addition of an 11 per cent tax would mean to an immense program such as the Columbia river project, which will cost $400 million and more for the first stage alone. This is a sum identical to that which the government is seeking to secure for its municipal development fund, which is supposed to have the objective of eliminating unemployment in Canada.

I am not an authority on these questions, but I shall endeavour to quote an authority. I have asked a few questions on the order paper, which have remained unanswered, and in the course of debate I asked the Minister of Finance whether the government had considered the implications of this action on the Columbia river development. The minister answered a question put by the hon. member for Okanagan Boundary, who asked if there had been representations from the province of British Columbia on this point, and he said that there had, that they had been considered, and rejected.

The whole point I am trying to find out is whether the government seriously considered

the implications of its action, particularly on an immense development project of this kind. As I say, I am not an expert, and I have to ask questions to express doubt, but I am prepared to quote from the writings of one acknowledged authority, which appeared in February and March of this year in the Vancouver *Sun*. These were a series of articles by the hon. member for Coast-Capilano (Mr. Davis), who in the biographical note at the head of the first article is identified as having been the head of the Liberal party's committee on power and energy development during the last parliament, and who is now parliamentary secretary to the Prime Minister and special adviser to him on power questions in British Columbia.

The articles covered the whole area of power development, including hydroelectric, thermal and nuclear. They also covered the question of choice of fuel, and quoting from this third article, published on March 2, he had this to say:

> Falling water is no longer the only source of low cost electricity.
>
> The mineral fuels, coal, oil and gas are becoming more transportable and the efficiency of big steam plants is going up and up. Besides, these stations, like the nuclear plants which are coming along, can be built anywhere.

Then later on he pointed out:

> The hard fact that many Canadians must realize is that, while we have lots of energy, the cost of power in other parts of the world is coming down. Fuel, and especially the nuclear fuels, are plentiful.
>
> Our advantage until recently was significant. Now it is melting away. Other costs, like wage rates, taxes and transportation charges now dominate the picture.

When the hon. member wrote that article and mentioned taxes, there was no 11 per cent tax on building materials and production machinery; and if he said then that taxes were endangering these projects, how much more are these projects now being endangered by the imposition of this tax on machinery and materials?

In the fifth article written by the parliamentary secretary to the Prime Minister which appeared on March 5, under the heading "Holding Costs" we find this:

> Costs—especially construction costs—must be kept down.

How can you keep then down when you add 11 per cent to them? Later on, in reference to interest rates, he had this to say with regard to utilities in the United States:

> There many of the utilities have been able to get around the high cost of money by leaning heavily on the federal treasury. Washington makes money available for public projects at 2½ per cent interest. Local utilities can also sell bonds which are income tax free.
>
> Rarely do these agencies pay more than 3½ per cent for their money.

[Mr. Fleming (Okanagan-Revelstoke).]

> But in British Columbia we are paying more than 5 per cent for our investment capital. It is all very well to say that we will go it alone on the Columbia or the Peace. But 1 per cent can mean tens of millions of dollars a year.

My point is that 11 per cent on capital costs will mean tens of millions of dollars on all such projects, and when you take that capital increase and amortize it at 4 per cent, or at 5 per cent in B.C., over 20 years, what do you incur? Let us suppose for estimating purposes that the project costs $400 million, of which half is taken up with building materials and production machinery. I should think it would be more likely to be 60 per cent, but let us say 50 per cent, which gives $200 million. Eleven per cent on that means an additional $22 million, which amortized at 4 per cent runs to around an additional $880,000 a year. At 5 per cent it runs to $1,100,000 additional a year, and over a 20 year period it mounts up to $20 million or $30 million additional. That is what this 11 per cent sales tax means to a development of the size of the Columbia river, and that is the reason I believe the amendment must be passed and this tax must not come into effect.

Mr. Gregoire: Mr. Speaker, may I call it one o'clock.

Mr. Speaker: Order. It being one o'clock this house stands adjourned until 2.30 p.m.

At one o'clock the house took recess.

AFTER RECESS

The house resumed at 2.30 p.m.

(Translation):

Mr. Gilles Gregoire (Lapointe): Mr. Speaker, this morning we have seen an amendment brought forward before third reading of the bill now before us concerning changes made in the Excise Tax Act. The amendment is to the effect that the bill be returned to the committee for the purpose of amending the Excise Tax Act so as to maintain the exemptions from sales tax on building materials and machinery, and machinery and apparatus to be used in manufacturing and production.

Mr. Speaker, it is a question of eliminating the sales tax of 11 per cent, no more, no less. Personally, I am in favour of the amendment and I shall support it, as will several other members of our group.

We left it to our members to vote according to their discretion. There was no decision in caucus with regard to this measure. Each of our members is free to vote as he wishes,

but I think that the majority will be in favour of the amendment because, if I am not mistaken, it is simply a question of eliminating the 11 per cent tax.

We shall be told that the Minister of Finance has retreated and reorganized his tax so as to impose 4 per cent immediately, then increase the tax by another 4 per cent in another year, and by 3 per cent in the next. But, there is actually a wish to impose an 11 per cent tax on building materials, and machinery used in manufacturing, so that the cost of living and prices of all available goods will increase, which will add to the inflation we have in the country.

To increase this tax in stages, as the Minister of Finance is doing now, or all at once, does not make a great difference.

Whether you cut your dog's tail in several short parts or all at once, the result is the same. When the tail is cut in many places, the dog only hurts that much more.

This is, in a way, what is happening in the case of this tax. The Minister of Finance with his escalator tax, which in a year and a half will be at 11 per cent, will not change anything in the situation, because the people will have to pay the tax all the same.

Mr. Speaker, let us not forget that for about 50 years, in our country, taxes have been gradually increased one after the other, bit by bit, as it is done again today, with the result that out of every dollar earned by a Canadian citizen about 47 cents are paid in taxes. If this tax had been imposed all at once, the Canadian people would certainly have revolted, but since the Minister of Finance is imposing it by stages, bit by bit, the people do not realize it so much but the increase still remains. Therefore, we must put a stop to those tax increases and, in my opinion, the time has come to do it.

I see the hon. member for Mercier (Mr. Boulanger) who seems to be quite happy with this tax. If he feels it is right for him to rejoice now, I believe that his constituents do not smile as broadly as he does at the present time.

Mr. Speaker, we appreciate that the expenditures at the various levels of government are increasing. The federal government expenditures are increasing. For instance, today we have before us a bill concerning municipal assistance. This will require an expenditure of $400 million. So, we appreciate the government expenditures are going up.

However, when expenditures go up, the government must look for additional revenue. Unfortunately, we find that to increase its revenue, the government has no alternative but to take the required funds out of the pockets of Canadians by means of taxes.

As long as the government keeps to beaten tracks in matters of economic administration, it will be unable to get the money it needs otherwise than by taxation.

We are against this tax but we recognize that the government needs additional revenue. Instead of seeing the government increase taxes or try to get along without the additional revenue it needs, we would like to suggest other means to solve the problem.

I heard the hon. member for Burnaby-Coquitlam (Mr. Douglas) suggest several times that deficit budgeting is a means of obtaining new sources of revenue. Deficits lead invariably to indebtedness, to payment of interests, and at this point, we do not go along.

We suggest therefore that deficits should be financed by the Bank of Canada, an agency of the Canadian government that does not have to charge any interest, because the Bank of Canada being a Canadian organization, it turns out that we owe money to ourselves. In short, I am in favour of this type of deficit budgeting financed by the Bank of Canada, because we would owe this money to ourselves. In that case, it is more or less the left hand that owes to the right hand and we would not object to the Bank of Canada financing the deficits.

We are against the increase of this tax and we would suggest, at the same time, other sources of revenue. Since we have explained often enough in the house how to find other sources of revenue, we feel that it is useless to dwell any longer on the subject.

That is why the majority of the members of our group will vote in favour of this amendment.

(Text):

Mr. T. C. Douglas (Burnaby-Coquitlam): Mr. Speaker, the effect of this amendment is to send the bill back to the committee in order to retain the exemption on building materials and production machinery. In other words, the committee of ways and means would be instructed to remove the 11 per cent sales tax on building materials and production machinery. It is true that the 11 per cent

tax is going to be imposed in stages. But as the hon. member for Lapointe (Mr. Gregoire) has pointed out, a dog is not any more comfortable for having its tail cut off by inches rather than all at once, and the ultimate result of the legislation will be that by January 1, 1965 there will be an 11 per cent sales tax on building materials and production machinery.

When the bill was at the resolution stage the hon. member for Danforth (Mr. Scott) on behalf of our party moved an amendment, or attempted to move an amendment, to strike out this clause. He did so because we are opposed to the imposition of an 11 per cent sales tax on building materials and on production machinery. We are opposed to it because, in the first place, the government has said that the most pressing problem facing Canada today is that of economic growth and full employment. If the government had canvassed the whole economy seeking to find some way to defeat its own objective it could not have found a better way than the way it is proposing. Because there is no industry which stimulates more employment than the construction industry. All the way from the logging camps, the saw mills, the factories where bricks, tiles and cement are manufactured, all the transportation facilities, all the construction industries, all the electrical and plumbing fixtures industries, all those who make electrical appliances—all of these are affected by a large and accelerated building program. By imposing this tax the government is bound to bring about a reduction in the amount of building which would normally take place.

A lot of figures have been tossed around as to what this tax will cost the average builder. The Toronto metropolitan homebuilders association sent the government a brief in which they said that the 11 per cent sales tax would increase the cost to the buyer of an average small home by approximately $700; that on a 25-year mortgage of 6¼ per cent it would add $4.59 to the monthly payments, or $1,377 during the life of the mortgage. That is going to make a lot of prospective home builders stop and think before proceeding with the construction of a home, and it will take from their income, even if they do build a home, money which would otherwise have gone toward the purchase of consumer goods.

It is not only the home owners who will be affected. There are industries which are planning plant extensions running into millions of dollars, and it is only natural that these companies will now pause to consider what their cost will be in the light of the imposition of an 11 per cent sales tax not only on the building which they propose to erect but also on the machinery and equipment which will go into their factory. Therefore I think the government is making a terrible mistake in selecting this method as the means of raising revenue. I think they are going to defeat the whole purpose of their major program, namely that of getting the economy rolling again and providing for full employment for all able-bodied people in Canada.

The arguments which have been put up by members on the government side have been something like this. First of all they have said: Well, we have an 11 per cent sales tax on everything else; why should construction and building materials be exempted? The answer, Mr. Speaker, is that the very same argument, and the very same reason why the exemption was imposed in the first place. The exemption on building materials and production machinery was introduced after the war in order to stimulate home building and construction and to provide employment; and if it was needed in the post-war period, then surely to heavens it is needed now. So that all of the arguments for granting this exemption are equally present and valid at this time.

The other argument put up by government speakers is that this is the fairest way for the government to raise money. Several hon. members opposite have said: Well, if the government has to have revenue surely this is the fairest way to collect it. Let me make clear in the first place, Mr. Speaker, that we have never worshipped the golden calf of a balanced budget, not because we think an economy can go on indefinitely with a budgetary imbalance, but because we argue that if the government is prepared to increase its expenditures and promote full employment, then when we get full employment that in itself will bring back to the government a greatly increased revenue, so that we will have no difficulty in balancing the budget.

We believe that the primary function of the government is to bring about a balanced economy, and that once we have a balanced economy in which production and consumption are in balance the budget will take care of itself. But if the government must find money and secure revenue, as my hon. colleague from Nanaimo-Cowichan-The Islands (Mr. Cameron) pointed out in the course of the debate there are many sources of revenue which the government is completely disregarding. It could impose a capital gains tax. At one time this was looked upon as a very dangerous proposal, something of a

socialist threat. But now that the government of the United States has, and has had for some years, a 25 per cent capital gains tax, surely Canada, one of the few countries left which does not tax capital gains, ought to look at this field of revenue as a means of raising money. As my colleague pointed out, there are large reserves of undivided profits and depreciation allowances which have been built up by many of the big corporations in this country over the years. If the government wants sources of revenue there is an area to which the government might very well look. But the government does not do that. Instead it decides that if it needs more money it will go to the people who can least afford to provide it—the home builders, the people who must buy some lumber to repair their piggery, their barn, their home or their garage. Abraham Lincoln once said that God must have loved the common people because he made so many of them. The same seems to be true of ministers of finance. They tax the common people because there are so many of them, and because it is so much easier to tax them than to tax the large corporations which have great accumulations of undistributed profits and depreciation accounts.

It is rather significant, Mr. Speaker, that when the minister brought in his budget on June 13 one of the most spectacular proposals was the imposition of a transfer tax of 30 per cent on persons disposing of Canadian securities.

There came trouping to Ottawa representatives of the Montreal, Toronto and Vancouver stock exchanges. The spokesmen for the biggest business lobby in Canada, the representatives of the great financial corporations of this country, came here. What happened? Immediately the minister found there were "administrative difficulties" and the legislation was dropped. I do not think the difficulties rose nearly so much from the question of administration as from the fact that the government had stepped on the toes of the most powerful financial lobby in Canada. I think that is why the proposal was dropped.

But when we come to the government and say that this proposal is going to work a hardship on everybody who wants to build a modest home or repair a house, when we ask that the government set aside a tax which is likely to hurt the employment situation, hon. gentleman stand adamant and the largest concession they are prepared to make is to spread the 11 per cent sales tax over a period of some 18 months.

Members of this party will support this amendment because we believe the government should reconsider its proposal to impose an 11 per cent sales tax. We believe the exemption, which has worked very well in recent years, ought to be maintained in the statute.

Mr. H. W. Herridge (Kootenay West): I intend to take only two or three minutes.

Some hon. Members: Hear, hear.

Mr. Herridge: I am glad I have so much support for what I have to say. I rise to support this final protest with respect to this tax. I endorse everything my leader has just mentioned as to the effect of this tax on our economic development and, consequently, on employment in this country.

I am reliably informed that the Secretary of State for External Affairs (Mr. Martin) spent some time yesterday and today with about 12 technical personnel from the United States and British Columbia discussing the question of the development of the Columbia. One might call it a timid renegotiation during a period of restagnation. I rise to show, moving from the abstract to the concrete, the effect which this increase in the number of imponderables is likely to have on development in Canada, particularly on those engaged in the construction industry. Let us take the case of the high Arrow dam. Those connected with this project have to deal with the imponderable of cost which has already gone up by $5 million since Mr. Willston admitted it would cost $124 million. They have had to deal with the imponderable of the safety of the dam and the location of the dam. Now they must face the imposition of this tax. Just imagine these gentlemen discussing the cost of building this dam in the shadow of this tax and the other imponderables I have mentioned, together with the court decision rendered by Mr. Justice Sherwood Lett. I raise this matter in order to give a concrete example of how this tax will affect all those concerned with construction projects. On one hand we have the Secretary of State for External Affairs seeking to promote a project and on the other we have the Minister of Finance (Mr. Gordon) putting difficulties in his way. I wanted to make this final comment on these questions before we recess.

(Translation):

Mr. Marcel Lessard (Lake St. John): Mr. Speaker, like the hon. member for Kootenay West (Mr. Herridge), I do not intend to unduly extend this debate.

With regard to the amendment proposed by the Leader of the Opposition (Mr. Diefenbaker), I want to inform the house, on behalf of the four Social Credit members for the Saguenay-Lake St. John area, that we are opposed to this tax. In fact, I received this morning a letter from the executive

council of the St. Jean Baptiste societies for the Saguenay district, enjoining us to protest emphatically against the levying of this 11 per cent sales tax on building materials.

Mr. Speaker, there are many reasons why we, especially from the province of Quebec, must oppose the imposition of this tax. Hon. members are aware of the protests made by the Quebec minister of national resources and the mayor of Montreal to the effect that such a tax hampered the future development of the province of Quebec where, these last few years, there has been a remarkable expansion in the building industry.

I feel the present Liberal government has sought to a certain extent to curb the economic liberation that has been undertaken for some time by the province of Quebec. In my opinion, the house must be told about that situation, and I think the only step the government can take now is to exempt from that tax all projects carried out by any provincial agency.

As taxpayers, we can understand, to a point, taxation on an individual basis, but a sales tax of 11 per cent on building materials seems to be the most infamous of all.

Besides, through the taxation of development projects, municipal corporations and provincial organizations in Quebec, we will, in fact, be fined twice. What have Quebec citizens done to deserve such a treatment?

If the present government intended to punish the population of the province of Quebec, it could not have found a better way of doing it than levying this 11 per cent tax on building materials which are going to be used, in Quebec, in the field of public investments as well as in that of private investments.

At this time, the federal government collects in the province of Quebec an amount which is large enough to compensate the equalization payments paid to Quebec. Mr. Speaker, I am convinced that it is our duty to stand against this legislation and I hope the government will finally realize that obviously this 11 per cent tax must be withdrawn.

The government proposes a gradual implementation of this 11 per cent tax, that is 4 per cent at once, 4 per cent next spring and 3 per cent in the fall of 1964. Well, I express the wish that the first 4 per cent will not be imposed, but if it is it would be desirable that the percentage to be implemented next April, that is when the next budget is introduced, if the Minister of Finance does introduce one, should be completely abolished, as well as the last portion which is to be imposed in the fall of 1964.

With this, I conclude my remarks, because I do not want to go on forever on that matter and waste the precious time of the house.

Hon. Theogene Ricard (St. Hyacinthe-Bagot): Mr. Speaker, I do not intend to prolong this debate indefinitely, but I feel I should not miss this opportunity to point out that we are witnessing today a change of policy on the part of the New Democratic party and the members of the Social Credit party.

When the 11 per cent sales tax was proposed by the Minister of Finance, a group among those hon. gentlemen abstained from voting, while the others voted along with the government. Today, in view of that legislation being most unpopular, well, they want to make good before the people by saying that they will vote for the amendment. They just lost face—

Mr. Gregoire: Mr. Speaker, on a question of privilege, on a point of order—

Mr. Pigeon: There is no question of privilege.

Mr. Gregoire: —I think that the first qualification of a member of parliament is to be intellectually honest and to report the facts as they happen. To my mind, when the hon. member for St. Hyacinthe-Bagot (Mr. Ricard) talks as he did, he does not show any intellectual honesty, because we never voted against the tax, but rather against the schemes of politicians who only think of making political capital.

I therefore submit that the hon. member for St. Hyacinthe-Bagot should rectify his words to be honest with himself and with the house, otherwise he should refer to *Hansard*.

Mr. Ricard: Mr. Speaker, we just listened to a speech indicating that the hon. member for Lapointe (Mr. Gregoire) was looking at himself in a mirror—

(Text):

Mr. Douglas: Mr. Speaker, on a question of privilege, the hon. member said we were voting against the amendment. We are voting for the amendment and I said so just a few minutes ago. It is also out of order for a member to comment on previous votes, but if

the hon. member is going to be allowed to do so may I point out to him that in the resolution stage we attempted to move for the removal of the 11 per cent sales tax. We have indicated our opposition to it. The reason we abstained on the budget was that we did not want to vote no confidence in the government and get the Tories back in office, which would be even worse.

(Translation):

Mr. Ricard: Mr. Speaker, the fact that my remarks caused such a reaction in the other end of the house eloquently shows how sore a point I touched since both these representatives of small opposition parties have now been brought before the public opinion which will judge them as being in favour of the 11 per cent tax. I am not at all surprised at their reaction.

I wanted to show the people the way those gentlemen intend to defend the interests of their constituents.

Their attitude shows how afraid they are to go to the country, and that is why they abstained from voting on the one hand and, on the other hand, they voted for the legislation the first time. Today they are caught off their guard and—

An hon. Member: On a point of order—

Another hon. Member: There is no point of order.

(Text):

Mr. Speaker: Order, please.

Mr. Gregoire: On a point of order, Mr. Speaker—

Mr. Speaker: Order. I wish to make a point myself. We are discussing the excise tax.

(Translation):

Mr. Ricard: Mr. Speaker, I conclude my remarks by pointing out again to the public opinion in Canada the stand of those people and by emphasizing that we on this side of the house have been consistent in our conduct from the beginning to this day and that we shall remain consistent in the future, because we want to protect our constituents and we do not want them to have to pay an 11 per cent tax.

Those were the remarks I wanted to make, Mr. Speaker.

Mr. Gerard Girouard (Labelle): Mr. Speaker, when the budget was introduced, there was much discussion concerning taxes. It will be recalled that the 30 per cent tax on the sale of Canadian securities to foreigners was even withdrawn afterwards. There were also some interesting measures, and some others which were less interesting, for instance the 11 per cent tax.

At that time, Social Crediters voted for the budget as a whole because it contained some good measures. However, as I said, some were less desirable, and among them there was the tax on building materials.

We recall very clearly that at that time, we proposed to discuss it and with that reservation, we stated in this house that we were voting for the budget as a whole in order to give the Minister of Finance the chance to introduce some amendments, which he did, for instance, when he came back in the house with a 4 per cent tax instead of the 11 per cent one and postponed also the imposition of that tax.

At that time, our group voted so as to enable the Minister of Finance to bring the amendment forward.

Today, reference is made to an amendment to this tax which now stands at 4 per cent.

It is interesting to note, Mr. Speaker, that the people who are proposing to abolish this 4 per cent tax are exactly the same people who, under the present economic system, could not act differently from the present government, because they always jeered at debt free money policy and they would not follow the policy that our group had set out for them in order to carry out the public investment programs, without taking any money out of the taxpayers' pockets. The leader of that group who says today: "Abolish that tax" is the same man who asked us repeatedly: "Where will you take that money?"

Mr. Speaker, if they will not raise funds according to the system advocated by the hon. members for Lapointe (Mr. Gregoire) and Villeneuve (Mr. Caouette), those funds will have to come out of the taxpayers' pockets, which is unfortunate, Mr. Speaker. Of course, the Social Credit party reserves the right to vote against any measure as unpopular as this tax, because Social Credit always was and still is against taxes.

But I understand very well that several members of this house stand against playing that political game which is brought up again just on the eve of the adjournment of parliament.

Mr. L. J. Pigeon (Joliette-L'Assomption-Montcalm): I only wish to make one comment, Mr. Speaker, to say that the hon. member for Labelle (Mr. Girouard) has just made the funeral oration of his party.

I hope that the Canadian people will remember the course of action followed by the members of the New Democratic party as

well as by the members of the Social Credit party. They wanted to cling to the government and they were afraid of an election. They failed to do their duty. They preferred to act in their own interest rather than in the public interest.

Mr. Lucien Plourde (Quebec West): Mr. Speaker, when we see the hon. member for Joliette-L'Assomption-Montcalm (Mr. Pigeon) and St. Hyacinthe-Bagot (Mr. Ricard), blame us for voting against this tax today, we wonder what they are doing. Are they afraid to go to the country? As for ourselves we are not afraid.

Mr. Pigeon: We want an election right away.

Mr. Plourde: Why then, Mr. Speaker, do they throw insults at us of the Social Credit party?

Mr. Speaker, on my own behalf and on behalf of my constituents, I object to this tax, because my constituency is perhaps the one where we find the largest slum districts and where it would be high time to restore old houses, with the centennial four years away. We now are faced with a tax which will slow down construction of new houses and slum clearance.

As for the unemployed, at the very beginning of this session, the Liberals stated that their main problem was to remedy unemployment. Well, I believe that this tax will increase the unemployment rate.

Therefore, Mr. Speaker, we are going to vote for the amendment moved by the right hon. Leader of the Opposition (Mr. Diefenbaker), because we are against this 11 per cent tax.

However, in all that, once again, we see only a petty political game in these dying hours of the session, whatever the hon. member for Joliette-L'Assomption-Montcalm may have to say to the contrary.

Mr. Pigeon: Mr. Speaker, we want to go to the country. Let this government resign.

(Text):

Mr. Speaker: Is the house ready for the question?

Hon. Mitchell Sharp (Minister of Trade and Commerce): Mr. Speaker, before you put the question to the house I should like to say a few words in reply to some of the observations made this afternoon by hon. gentlemen opposite. I do not intend to prolong the discussion. What we have heard for the most part has been a repetition of the arguments made during the second reading and committee stages and also at the resolution stage. My colleague, the Minister of Finance (Mr. Gordon), has dealt with these arguments at great length. This is not the first time we have heard them and they have not been changed in substance from the time they were first made.

I would remind the house about the problem faced by the nation when this government took office. Sometimes it seems to me, listening to hon. gentlemen opposite and in particular listening to those who support the Progressive Conservative party, they would have one believe that when this government took office the finances of this company—this country—were in good shape.

Mr. Knowles: That is a Freudian slip.

Mr. Sharp: I need hardly assure you, Mr. Speaker, that this was not so. The financial affairs of Canada when we took office were well known throughout the world to be in a mess. The problems with which we had to deal when we took over were not very pleasant. We had to find a means of meeting the financial conditions in this country and trying to restore order in our finances. It was necessary for this government to take some unpopular measures. I make no apologies whatever for taking unpopular measures.

As I listened to hon. members speaking I noticed that many of them were saying they would vote against this measure, not because it is not necessary but because it is unpopular. I say to hon. gentlemen opposite that no taxes are popular. If they want to vote against this tax for that reason, they ought to vote against all taxes. This tax is not the sort of tax that anyone would want to impose. This is a tax that had to be imposed because of the necessity for finding a large amount of revenue. As the Minister of Finance (Mr. Gordon) has said on many occasions in this house, no one from the other side has suggested where the government was going to get more revenue.

Mr. Gregoire: Mr. Speaker, I question that because we have indicated where they could get additional revenue.

Mr. Sharp: Well, Mr. Speaker, perhaps I shall be pardoned on this occasion for not getting into a discussion of Social Credit theory. A discussion of this subject could take the house a long way into the small hours of the morning, and I am sure that my hon. friend and I would have a very interesting discussion but it would not move the business of this house forward.

I have heard many of these hon. gentlemen opposite talk about the dire effects of this tax. Now, Mr. Speaker, being a member of this government, I have looked into this

subject in a theoretical as well as in a practical way. In a sense, it does not matter in what form one raises the necessary revenues. They all have an undesirable effect and they are all, I assure you, unpopular. I do not believe hon. gentlemen opposite have made a case that this tax is any worse than other taxes that might have been imposed. The other day an hon. member opposite asked me a question about capital investment intentions. He noticed that there had been published by the Department of Trade and Commerce a report of capital investment intentions in 1963. I should like to draw to the attention of hon. gentlemen the fact that the report said capital investment intentions had been revised upward at mid-year by approximately 3 per cent. The hon. gentleman asked me whether those figures were going to be revised. I pointed out to him that I have nothing to do with this report except to publish it, but it was my opinion that the effect of the budget proposal now under discussion probably would be to raise those figures.

At that time, I heard some interjections from the other side to the effect that this was incredible. I should like to point out to hon. members an item that appears in this morning's *Gazette,* and which I think is probably closer to the truth about what is happening in Canada today than many of the things said by hon. members opposite. The article states that for the month of July building permits in the city of Montreal were approximately 35 per cent higher than in July of last year. I am not suggesting that 35 per cent is going to be the average, but what I do suggest is that hon. gentlemen opposite are being guilty at the present time of spreading unnecessary—

Some hon. Members: Gloom.

Mr. Sharp: Well, I will put it more shortly; they are being guilty of what we were often accused of, spreading doom and gloom.

I do not intend to keep the house any longer, Mr. Speaker. The issues before us are very clear. I believe that under the very difficult circumstances faced by this government when it took office on April 22, the budget brought down is a budget in the interests of the people of Canada and the particular measure now before us is one that ought to commend itself to hon. gentleman.

Mr. Martineau: May I ask the minister a question? In view of what he has just said concerning the investment survey and the government's intention, and in view of what he has quoted from the Montreal *Gazette,* I should like to read two articles from the same newspaper and ask him—

Some hon. Members: Order, order.

Mr. Martineau: It is up to the minister to answer if he wants to do so, and he seems to want to accept the question.

First of all, the Montreal *Gazette* refers to the fact that business spokesmen had said that the tax, that is the building materials tax, will inhibit expansion. Mr. John Meyer in the *Gazette* of August 1, 1963 had this to say:

> Estimates of the total value of deferrals or cancellations of new construction and machinery purchases ran in excess of $250 million when the tax was first introduced—

He is referring to the building materials tax of the June 13 budget. He said there may have been some reversals since that date because of the reduction in the tax, but they are small. He does state that investment planning and investment spending have been seriously hampered because of this tax. Will the minister comment on those observations?

Mr. Sharp: I only have this comment to make. The bill that is before the house today brings the excise tax into effect in stages, and whatever may have been the effects of an abrupt application of the 11 per cent tax, as was originally proposed, this bill does not have those effects. In my view, the effects of this particular measure on investment will be to stimulate it in 1963.

Mr. Fleming (Okanagan-Revelstoke): May I ask the minister if the government, before introducing this tax did, in fact, assess the possible results of it on the construction cost of the Columbia river project, and the possible effect on the unit cost of energy produced by that project?

Mr. Sharp: Since I was not, of course, in on the budget discussions, I cannot give any inside information. However, I am satisfied that before the budget was brought down careful consideration was given to the effect of this tax as compared with other taxes that, in my opinion, would have had to be employed and that, on balance, the effect of this tax is not more detrimental than any other tax that would have had to be imposed.

Hon. J. W. Monteith (Perth): Mr. Speaker—

Mr. Pickersgill: On a point of order, Mr. Speaker, the house is on third reading of a bill and not in committee. It seems to me that if we are to make progress we should abide by the rules.

Mr. Monteith: I intend to abide by all the rules of the house, as I always have. I do not think we should allow one or two of the very specious arguments of the Minister of Trade and Commerce to go unchallenged. First he

suggests that he has only heard a repetition of arguments that were made on all clauses and stages of the bill; but those arguments are still good and sound, and they have not been answered. He further suggests that the Minister of Finance dealt with them, but in reply I would say anything but adequately. He left the statements completely unanswered.

I would also point out to the minister that the finances of the country were in excellent shape when we left office. In fact I do not think there can be any shadow of doubt that they were in a lot better shape than they are now. It is obvious the country has lost confidence in the government ever since the budget came down. It was an atrocious budget and had the unique achievement of increasing both taxation and the deficit.

I suggest that the government should start thinking of cutting both extravagance and taxes. It has saddled the country with some grandiose schemes which are very costly and only add to the burden of taxation without contributing to the economic activity or employment.

There can be no greater argument or illustration of how unpopular this particular tax is than the action of the government when it brought in an 11 per cent tax and immediately reduced it to 4 per cent. These magic men across the way have definitely been found wanting, and I am glad to see we are receiving the support of the other parties. I realize, as has been pointed out today, that they did not support the opposition at the time of the budget division, but now I am glad to note that they are seeing the error of their ways, and I suggest that if they had supported us at that time—

Mr. Gregoire: We do not support you. We are against the tax, and that is not the same thing.

Mr. Monteith: You certainly were for the tax at the time of the budget. In conclusion I point out that this amendment accomplishes what should be done for the people of Canada. If this tax is passed it will heap cost on cost on projects such as the Columbia river development, as was pointed out shortly before the luncheon recess. This tax will cause unemployment. I am as convinced of that as I could be, and I am sure this has already been demonstrated to the country at large.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, I suppose they are famous words for one to use, that he did not intend to take part in a debate. Such is the case, but because of the things that have been said I have one word for the Conservatives and a word or two for the government.

My word for the Conservatives is that we are going to vote for their amendment despite the things they have said to try and dissuade us from doing so. We have been opposed to this sales tax right from the start. We have at no time voted for it. We sought to move an amendment when we were in committee on the resolution stage, in order to get rid of it, and we now welcome the opportunity to vote against it at this final stage.

My word or two for the government arise from the remarks of the Minister of Trade and Commerce, and if perchance he is to be the next Minister of Finance then all I can say is that the more things change the more they are the same. Speaking today as Acting Minister of Finance he said that we on this side of the house were voting against this tax merely because it was unpopular. There is no doubt about its unpopularity; but the leader of the New Democratic party made it very clear, in his effective speech not long ago, that we are voting against the tax because we believe it will increase unemployment.

We believe that this tax on the construction industry, and on the other things to which it is to apply, will work against the very object which the government said it was important to do something about namely increasing employment. Therefore we want the Minister of Trade and Commerce to know it is because of the fallacious arguments behind this tax, and the fallacious arguments he put forward in attempting to defend it, that we are now voting for the amendment and against the extension of the sales tax.

Mr. Speaker: Is the house ready for the question?

Some hon. Members: Yes.

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

YEAS

Messrs:

Aiken
Alkenbrack
Barnett
Belanger
Bell
Boutin
Cameron (Nanaimo-Cowichan-The Islands)
Cardiff
Chatterton
Churchill
Crouse
Danforth
Diefenbaker
Dionne
Doucett
Douglas
Fane
Fisher
Fleming (Okanagan-Revelstoke)
Forbes
Frenette
Gauthier
Gregoire
Gundlock
Hamilton
Harkness
Herridge
Horner (The Battlefords)
Jorgenson
Knowles
Korchinski
Lamb
Latulippe
Lessard (Lake St. John)
MacEwan
MacLean (Queens)

MacRae
McBain
McCutcheon
McIntosh
Martin (Timmins)
Martineau
Mather
Monteith
Muir (Cape Breton North and Victoria)
Nasserden
Nugent
Orlikow
Pascoe
Perron
Peters
Pigeon
Plourde
Prittie
Pugh
Rapp
Rheaume
Ricard
Rondeau
Scott
Smith
Southam
Starr
Stefanson
Stenson
Thomas
Valade
Watson (Assiniboia)
Webb
Webster
Willoughby
Winkler—72.

NAYS

Messrs:

Armstrong
Asselin (Notre Dame de Grace)
Basford
Batten
Bechard
Beer
Benidickson
Berger
Blouin
Boulanger
Cadieux (Terrebonne)
Cameron (High Park)
Cantin
Cardin
Caron
Carter
Chevrier
Choquette
Côté (Longueuil)
Cowan
Cyr
Deachman
Denis
Deschatelets
Drouin
Drury
Dube
Ethier
Eudes
Favreau
Foy
Garland
Gelber
Godin
Granger
Gray
Greene
Groos
Guay
Habel
Haidasz
Hahn
Harley
Hellyer
Honey
Jewett, Miss
Kelly
Klein
Konantz, Mrs.
Lachance
Lamontagne
Laniel
Laverdiere
Leduc
Lessard (St. Henry)
Loiselle
MacEachen
MacNaught
McIlraith
McMillan
McWilliam
Matheson
Matte
Moreau
Mullally
Munro
Nicholson
Nixon
O'Keefe
Olson
Pearson
Pepin
Pickersgill
Pilon
Regan
Richard
Rinfret
Robichaud
Rochon
Rock
Rouleau
Ryan
Sauve
Sharp
Tardif
Temple
Tucker
Wahn
Walker
Watson (Chateauguay-Huntingdon-Laprairie)
Whelan—91.

Mr. Speaker: I declare the amendment lost.

(Translation):

Mr. Paul: Mr. Speaker, I was paired with the hon. member for St. Maurice-Lafleche (Mr. Chretien). Had I voted, I would have voted for the amendment.

Mr. Vincent: Mr. Speaker, I was paired with the hon. member for Riviere du Loup-Temiscouata (Mr. Gendron). Had I voted, I would have voted for the amendment, that is against the 11 per cent tax.

(Text):

Mr. Coates: I was paired. Had I voted, I would have voted to support the amendment.

Mr. Bigg: I was paired with the hon. member for Richmond-Wolfe (Mr. Asselin). Had I voted I would have voted to support the amendment.

(Translation):

Mr. Chapdelaine: Mr. Speaker, I was paired with the hon. member for Stanstead (Mr. Forest). Had I voted I would have voted for the amendment.

Mr. Girouard: Mr. Speaker, I was paired with the hon. member for Vaudreuil-Soulanges (Mr. Emard). Had I voted, I would have voted for the amendment.

Mr. Ouellet: Mr. Speaker, I was paired with the hon. member for Matapedia-Matane (Mr. Tremblay). Had I voted, I would have voted for the amendment.

Mr. Gregoire: Mr. Speaker, if 43 Conservative members had not been missing, we would have succeeded in abolishing that sales tax.

Mr. Valade: Mr. Speaker, I should like to draw the attention of the house to the fact that both leaders of the Social Credit party are absent this afternoon.

(Text):

Mr. Badanai: I was paired with the hon. member for Victoria-Carleton (Mr. Flemming). Had I not been, I would have voted against the amendment.

Mr. Roxburgh: I was paired with the hon. member for Regina City (Mr. More). Had I voted, I would have voted against the amendment.

Mr. Pennell: I was paired. Had I voted I would have voted against the amendment.

Mr. Cashin: I was paired. Had I voted I would have voted against the amendment.

Mr. Mackasey: I was paired with the hon. member for Bow River (Mr. Woolliams). Had I voted I would have voted against the amendment.

Mr. Speaker: Is it the pleasure of the house to adopt the main motion?

Mr. Churchill: On division.

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

PRIVATE BILLS

SECOND READINGS—SENATE BILLS

Mr. Patrick Tobin Asselin (Richmond-Wolfe): Mr. Speaker, by unanimous consent I move, seconded by Mr. Moreau:

Business of the House

That Bills S-33 and S-34 which received first reading this day be now read a second time and referred to the standing committee on banking and commerce for consideration forthwith, and that standing orders 94(3)(a), 102, 106 and 116 be suspended in relation thereto.

Motion agreed to, bills read the second time and referred to the standing committee on banking and commerce.

Mr. Ian Grant Wahn (St. Paul's): Mr. Speaker, by unanimous consent I move, seconded by Mr. Klein:

That Bills SD-252 to SD-356, both inclusive, which received first reading this day be now read a second time and referred to the standing committee on miscellaneous private bills for consideration forthwith, and that standing orders 93, 94(3)(a), 100, 102, 106 and 116 be suspended in relation thereto.

Motion agreed to, bills read the second time and referred to the standing committee on miscellaneous private bills.

BUSINESS OF THE HOUSE

Hon. Lionel Chevrier (Minister of Justice): This morning, during the question period, the hon. member for Winnipeg North Centre asked whether it was essential at this particular stage of the session to go on to complete the bill relating to the surcharge order. All hon. members are, I know, anxious that the remaining business of the house be cleared up as soon as possible and it is certainly not the desire of the government to defer the conclusion of this portion of the session unless it is urgently necessary to do so.

With this in mind, and having regard to the fact that on the second reading of this bill the house has already indicated its approval in principle of the objectives the government seeks to achieve by this measure, the government is prepared not to insist that the bill itself be proceeded with today. In making this statement, I should like to emphasize that the government has no intention whatever of abandoning its plan to seek approval of the bill by parliament. Accordingly, the government will be going ahead with the bill in the house at the earliest possible opportunity after parliament resumes in the fall.

Hon. J. W. Pickersgill (Secretary of State): Before the next order is called, may I point out that it is already four o'clock and I wonder if there could be general agreement in the house that we would have the hour from five to six which is set down for public and private bills available so as to continue with government business, and that we would resume at seven o'clock to continue with government business on the items apart from the one to which my hon. friend has referred—the items which were mentioned last night. At the conclusion of those items, if we are able to conclude them this evening, we would then take sufficient time for private bills to dispose of the divorce bills and any of the other private bills which hon. members are willing to dispose of. If that were agreed on I think it would facilitate the conclusion of our business.

Some hon. Members: Agreed.

MUNICIPAL DEVELOPMENT AND LOAN BOARD

PROVISION FOR FINANCIAL ASSISTANCE TO MUNICIPALITIES

The house resumed, from Thursday, August 1, consideration in committee of Bill No. C-76, to promote increased employment in Canada by financial assistance by way of loans to municipalities to enable municipalities to augment or to accelerate municipal capital works programs—Mr. Sharp (for Mr. Gordon)—Mr. Batten in the chair.

On clause 2—*Definitions.*

The Deputy Chairman: Shall clause 2 carry?

Mr. Smith: No, Mr. Chairman. My remarks on this clause are directed to subclause (a). In discussing this bill I must say that if it were not so late in this part of the session it would be hard not to say I told you so because if the Prime Minister and the government of the day had given a little more consideration to the advice directed to them from this side of the house at the resolutions stage the necessity for the wide amendments now being made would not have arisen. I am referring to clause 2(a) and I suggest to the government that they have chosen a very cumbersome and expensive way to administer the legislation.

When the minister was making his second or third explanation last night he said that he wanted the legislation to operate with the maximum speed and with the smallest administrative cost possible. I suggest to the government that they will accomplish neither objective by setting up a board. Such action is completely unnecessary, is not only cumbersome but also expensive and will also result in delay. I suggest that the government would have been better advised to follow their own precedent or, better still, the precedent of our government in the Technical and Vocational Training Assistance Act of 1960-61 or the method the Liberals used when they were last in power with regard to the Municipal Grants Act. Instead of setting up a board, the powers in the legislation should be delegated to a specified minister and the provisions put into operation by him. That

this system works well has been clearly demonstrated both with regard to our winter works program, the vocational training school building program and the Municipal Grants Act which has been on the statute books for some years.

Another reason that impels me to suggest this change is that the whole theory of the revisions has been that we should not interfere with provincial autonomy. Indeed, the bill itself gives the greatest power to the provinces. Under clause 8 of the bill everything is done by the province. Loans are vetted and approved by the provinces. An application for a loan cannot be submitted directly by a municipality to the federal government. It must first go to the province and be submitted to the federal government by the provincial government. For that reason the necessity for a board is substantially removed and the process would be speedier and more efficient if applications were then made directly to a minister.

The bill also provides, of course, that the services of Central Mortgage and Housing Corporation are going to be used in certain aspects of administration. That in itself is another indication that a board is unnecessary. I would fear that the function of the board would be largely to interfere with provincial autonomy and provincial rights and that as soon as the board is set up we will start to have conflict between the board and the provinces. The legislation would be much better administered by a designated minister under whatever portfolio he otherwise holds and with the assistance of civil servants. For that reason, Mr. Chairman, I move, seconded by the hon. member for Ontario (Mr. Starr):

That paragraph (a) of clause 2 be struck out and that paragraphs (c), (d) and (e) be relettered accordingly.

That is the first amendment, and I have four other consequential amendments with respect to other clauses in the bill.

Mr. Sharp: Mr. Chairman, I do not intend to argue this case at length. I should like to point out to the hon. member that the board will have only a very small staff. It is not intended to create a new bureaucracy. Central Mortgage and Housing Corporation will provide most of the services required by the board.

As to the second point that the hon. member raised about relations with the provinces, may I say that this question was not brought up at the conference. This is not a matter that the provinces found offensive to them in any way, and I am satisfied that the scheme outlined in the bill of having a board is not going to increase expenditures, interfere with simple operation or in any way affect the autonomy of the provinces.

Mr. Smith: I have one further question. Is the minister suggesting that the board will be composed of people now within the government service or will it be composed of cabinet ministers, or will new people be brought in?

Mr. Sharp: My understanding is that there will be one outsider, and the two other members of the board will be from the senior civil service.

Mr. Smith: Since the bill contemplates the termination of the legislation in 1966, which is only three years away, what security of tenure can be offered to an outsider on that basis?

Mr. Sharp: Mr. Chairman, I could say only the security of tenure offered by the legislation. However, it is my understanding that the Minister of Finance has not anticipated that he will have difficulty in filling this position, and I agree. I think there are people of competence who would be prepared to serve on a board of this kind for the period of the legislation.

Mr. Chatterton: Mr. Chairman, I wish to support the amendment proposed by the hon. member for Simcoe North. What the minister has said has not convinced me that the provision of a board is at all necessary. Why consider it in the first place? I am not going to repeat the figures I gave last night, but the scope of operations of the winter works incentive program has been greater than what is proposed here and yet that whole program has been administered by the Department of Labour without creating a further bureaucratic organization.

Under section 36 of the National Housing Act an almost similar program involving loans to municipalities with a forgiveness feature has been administered by Central Mortgage and Housing Corporation. Why could this program not be administered by the same corporation? The bill provides for an agreement between the board and Central Mortgage and Housing Corporation for use of the latter's staff. There then arises a dual responsibility. Will these employees who are going to be used by the federal government to administer the legislation be responsible to the board or the corporation?

If the Liberals were going to set up, as they promised during the election campaign, a vast program of assistance to municipalities, perhaps a board could then be justified, but this measure is little more than another form

of sewer assistance, for example, or something like the winter works incentive program. It seems completely unnecessary to have a board and I think it will lead to administrative difficulties.

I remind the minister of the difficulties that were created as a result of the joint operation of the Farm Credit Corporation and the Veterans Land Act administration. They finally had to separate because the employees found that they had two bosses and they did not know to whom they were responsible. My specific question is this: Are these employees of Central Mortgage and Housing Corporation going to be responsible to the board under the agreement or will they be responsible to the corporation?

Mr. Sharp: I do not want to prolong the discussion in the committee, but when this bill was drawn it was the judgment of the government that it would facilitate the operation of this measure if, instead of having a minister directly responsible, there should be a board which would act under the direction of the minister, but in between him and the municipalities and the provinces. It is always a question of judgment as to the best form of administrative machinery. I have listened to what the hon. gentleman has said. I am still satisfied that the board, in the form in which it is set up in this bill, will facilitate rather than hamper the operation of this measure. The board will not be a large institution and will not create many new offices.

There must always be a question of judgment in these things and this bill was drawn up, of course, on the advice of people within the public service who have had some experience with these matters. Their judgment accorded with the goverment's.

Mr. Prittie: I wonder if the minister could give us some estimate of the probable number of new employees who will be required to run this board?

Mr. Sharp: I doubt if the number will exceed a dozen, and perhaps it might be fewer.

Mr. Smith: Has the minister any reason to believe that the administration of sewage loans by Central Mortgage and Housing Corporation has been unsatisfactory? Is it proposed that substantial application under this measure will be dealt with by Central Mortgage and Housing Corporation employees?

Mr. Sharp: The short answer to the hon. gentleman's question is that the board is expected to exercise some judgment, just as the minister would. The central purpose of this measure is to increase employment and it is necessary, therefore, in judging applications to decide whether a particular project, in respect of which a loan is being applied for, will have the effect of increasing employment. In that respect this program differs from the sort of program dealt with by the hon. gentleman's question. This is one of the reasons it was felt originally that it would be desirable to have some sort of board that would, in the first instance at least, exercise some judgment.

Mr. Chatterton: This objection does not apply to the winter works incentive program where the same type of discretion was exercised. In that case, too, the corporation has to certify that the project would increase employment, and yet this program was operated without creating any new organization.

Mr. Starr: I feel that the government should reconsider the establishment of a board and the added expenditure thus incurred, especially at a time when we should be cutting down expenditures. After all, this fund will only amount to $400 million to cover a period of three years. This means about $133 million a year. I might point out that the municipal winter works program created work to the extent of $245 million per year just for a few months during the winter. This is a much smaller fund with which to provide employment than even the municipal winter works program.

In so far as the sewage program was concerned, it had the same features in it, the loan and the forgiveness clause. This, too, was a very successful program which was designed to generate employment and it also was handled by the present staff or people designated from Central Mortgage and Housing Corporation.

There is not going to be any great difficulty in making up one's mind as to the projects that will be submitted. Certain types of projects are outlined in the bill as being admissible. The people who will be responsible for the administration of this measure will make up their minds, in communication with others, as to any project that might be submitted, and agreement can be arrived at without any delay. Under the circumstances, I think it is unnecessary to establish a board to administer some $130 million a year. I do not know what they are going to do in between, because certainly there is not going to be an avalanche of projects coming in on a continuing basis. It may be that during certain periods of the time these people will be busy, but the remainder of the time they will be sitting around drawing additional moneys for doing nothing.

Mr. Smith: Does the minister not think that if the board exercises much discretion or judgment, as he has suggested, it is quickly going to impinge on provincial rights? It would seem to me, having read clause 8 of the bill and the other clauses, that there is little discretion left for the board. This money will be merely a bank. Does he not feel that there is an area of potential conflict with provincial jurisdiction through the appointment of a board?

Mr. Chatterton: Before the question is answered, I should like to ask the Minister of National Revenue, who is now responsible for Central Mortgage and Housing Corporation, whether in his opinion the corporation and its staff would have been competent to carry out this proposal if they had been made the responsible organization? Before the answer is given, may I say that I feel we should always remember there is a tendency within the civil service to enlarge itself. I feel it is up to the government to take positive action to stop that trend. Keeping that in mind, should the government not have considered whether your corporation could have handled this?

Mr. Garland: I wonder if the hon. gentleman fully appreciates what is being done here. The board is going to be a very small one and I believe the chairman will be the only member who will receive any remuneration. In addition there will be senior civil servants on the board.

In so far as the corporation is concerned, I do not believe I could agree with him that the corporation should be set up as the judge of these projects. I feel that the short term nature of the fund and the need for speeding up these projects that would not otherwise have been undertaken, makes it imperative that the program be handled according to the proposal in the bill. We will establish a board chairman whose chief responsibility will be to pass these projects that are submitted to him with the greatest possible speed.

Mr. Chatterton: Did I understand the minister to say the board would be composed of senior members of the service?

Mr. Garland: Yes, other than the chairman.

Mr. Chatterton: It does not say so here.

(Translation):

Mr. Frenette: Mr. Chairman, can the minister tell the house whether he has estimated how much time will be required before this new council is really efficient and before results of its work make themselves felt in this country? How long will it take before we get material results, once the bill is passed, of course?

(Text):

Mr. Sharp: We are confident that this can be put into effect to have the desired effect upon employment this winter. We feel that the additional amount of machinery that has to be established would be the minimum. In my judgment and the judgment of the government, this method of dealing with applications and administration will have the effect of reducing rather than increasing the cost of administration, because in one way or another there must be people to handle the work, and the board method seems to us to be the most expeditious and economical.

Mr. Hamilton: Mr. Chairman, the point I would like to make to the Acting Minister of Finance on the question of whether the board can be eliminated or not, comes from the fact that he stated the government originally thought, when it was going to set up this municipal development fund, that there should be a board to administer this very large program of helping municipalities and providing opportunities for employment.

This readily envisages a situation in which the government would think of this as one of its major economic moves to lower unemployment but when it had to go to the provinces and retreat from the position it had visualized itself in, and when all the machinery will now be at the provincial level, then it is obvious to all of us who have had experience in these matters that there is nothing for the board to do. Therefore it is a farce to say we need a board when the machinery is all in the hands of the provinces.

One of the reasons behind the winter works program in 1957 was because it was recognized, at the federal government level, that if the federal government were to give a stimulus to employment it would be very expensive to do it at that level, and what we ought to do was to use the machinery of the municipalities and provinces to help employment in the winter months. This same principle has now been forced on the federal government by the provinces.

What we are saying on this side is that since this whole grandiose vision of a tremendously large program of municipal aid from the federal government has now dissipated, and the program is being turned over to the provinces to administer, then all that is needed at the federal level is an auditor or two and a few engineers. To tell us we need a man at the senior civil service level brought in from the outside, and two senior civil servants, makes it look as if this board were going to do a great deal, but actually from the experience we have had, and which this government will get in time, the Department of Public Works and Central Mort-

gage and Housing Corporation can do this type of work.

Therefore I suggest very strongly that the minister can get the same efficiency and put this legislation into operation immediately by following the suggestion made by the hon. member for Simcoe North, in getting rid of the board and turning the job over to Central Mortgage and Housing Corporation. The board may have been necessary if the federal government was running everything, but now that it has been turned over to the provinces the board is absolutely unnecessary.

Mr. Francis: I would like to speak against the proposal put forward by the hon. member for Simcoe North. I personally could not accept the suggestion that this program could be administered as an extra sideline by the Central Mortgage and Housing Corporation, or whoever might be handling it in the Department of Labour, as a small addition to the winter works program. The purpose of C.M.H.C. is quite clearly to be the instrument of a national housing policy, and it has a great deal of work to do.

I do not believe this program of aid to municipalities for sewerage treatment belongs with C.M.H.C. Such a program could be even more effective, given the proper staff and proper direction. With regard to the winter works program I think most of us appreciate the virtues and limitations of the approach made to it, and certainly anyone who has had experience at the municipal level knows that unemployment does not stop on any given predetermined date from coast to coast all across Canada.

The technical problems of the projects have to be assessed, and I cannot agree with the hon. member for Ontario in saying that there is no problem in selecting the projects. In fact I would like to say a word or two on clause 7 with regard to the criteria in selection of the projects. I am sure that, even with the agreement with the provinces, there will be room for a great deal of discussion in working out the most satisfactory type of program which will develop under this legislation. I know there is a statutory limit in dollars in the legislation before us, but I for one hope at some future date this program will grow as experience develops under the board, which I think is the appropriate means of administering such legislation.

Mr. Chatterton: Obviously the hon. member has not had much experience with the practical operations of C.M.H.C. If he had he would know that the performance of the corporation's staff in the operation of the municipalities' sewerage program could not be improved. Is he suggesting that there should be a separate department to handle the sewerage program? This is almost a duplication of the type of work they are equipped and trained to do. If the hon. gentleman had his way we would be creating a new department for every operation.

Mr. Alkenbrack: Even with the bill as amended I cannot understand why the government still insists on using such a superfluity of wording in section 2(d) which states:

> "municipality" means
>
> (i) an incorporated city, metropolitan authority, town, village, township, district or rural municipality or other incorporated municipal body however designated,

One of the most important dispensations of civic authority and one of the oldest, even older than parliament itself, is the county, and I ask why the word "county" is not mentioned in this bill?

Counties form one of the most eligible and soundest classes of borrowers in the country, and I would imagine their omission is an oversight. Probably the minister will explain that the wording in lines 18 and 19, "or other incorporated municipal body however designated" covers counties, but why not specify them? I know of several cases where counties will be prospective users of this legislation.

(Translation):

Mr. Paul: I should like to say that I agree with the remarks of the hon. member for Prince Edward-Lennox (Mr. Alkenbrack).

If we consider the provisions of the municipal code of the province of Quebec, we find in it that the county councils are recognized as municipal bodies made up of different municipal corporations located in specific territories. It often happens that these county councils have to settle problems which arise between municipalities and I feel that the hon. member who spoke before me has rightly called the attention of the house to this particular problem.

I wonder why the Acting Minister of Finance (Mr. Sharp) could not insert in the definition which is found in paragraph 2 of the act, the words: "county council". In my opinion, it would help make this act more effective and it would not affect the objectives that the government has in mind in moving this bill.

(Text):

Mr. Nugent: Mr. Chairman—

The Deputy Chairman: Order. May I remind hon. members that the question before the committee is not the whole of clause 2, but an amendment to clause 2.

Mr. Nugent: On this clause, Mr. Chairman, I was interested in the remarks of the hon. member for Qu'Appelle. I do not pretend to

be an expert on municipal works, but I did think that, having in mind the quantum or scope of the changes made in this bill and the very cogent remarks of the ex-minister in dealing with the necessity for a board, many of us in this chamber and people across the country would benefit a great deal from having some remarks from the minister in connection with this clause and the advantage or necessity now of having such a board.

I have not heard this afternoon the reasons advanced, in view of the change—I can understand it, perhaps, as originally envisaged—for its being thought necessary to have a board, or why it is thought a board will be helpful in this connection. I am very interested in this question and would very much appreciate it if the minister would explain to the committee why, in view of the changes in the bill, which to my mind take away so much of the necessity for having the board, we still have to set up this body. I hope the minister can help me in this regard.

Mr. Sharp: Mr. Chairman, may I deal specifically with the question raised by the hon. member for Qu'Appelle and asked again by the hon. gentleman who has just resumed his seat. I quite agree that if all provinces decide to use the procedures in paragraph 2 of clause 7 of this bill the board will be purely formal. But I do not want to force the provinces to take this course unless they wish to do so. I would like to repeat again that the function of the board is to exercise some judgment. An argument has been put forward here that the functions of this board are exactly the same as the functions that have been performed in connection with winter works programs. I assure the hon. gentleman that this is not so, and a reading of the bill will make this very clear. There is a test here that is not applied in other cases; namely a test of the additionality of employment.

The Deputy Chairman: Is the committee ready for the question?

Mr. Nugent: Mr. Chairman, I wonder if the minister would say one more word in this connection. He has said he does not want to force the provinces to take advantage of this provision if they do not wish to do so. I had the impression that this change was put into the clause at the insistence of the provinces. I wonder if the minister would tell us what is the likelihood that they will not want to use this provision. Has there been an indication from the provinces that they will not be doing this, or are we just speculating here?

Mr. Sharp: It is my understanding, Mr. Chairman, that some of the provinces may prefer the original procedure.

The Deputy Chairman: Is the committee ready for the question?

Some hon. Members: Question.

The Deputy Chairman: Mr. Smith moves:

That paragraph (a) of clause 2 be struck out and that paragraphs (c), (d) and (e) be relettered accordingly.

Amendment (Mr. Smith) negatived: Yeas, 21; nays, 63.

The Deputy Chairman: I declare the amendment lost. Shall clause 2 carry?

Clause agreed to.

Clause 3 agreed to.

On clause 4—*Remuneration of chairman.*

Mr. Chatterton: Mr. Chairman, clause 4 (1) says:

The chairman of the board shall be paid such salary as is fixed by the governor in council.

The minister said earlier that the chairman was to be a member of the service.

Mr. Lamontagne: No.

Mr. Sharp: I said, the other two.

Mr. Chatterton: I beg your pardon.

Clause agreed to.

Clause 5 agreed to.

On clause 6—*Agreement with Central Mortgage and Housing Corporation for services, etc.*

Mr. Smith: Mr. Chairman, I hope the Acting Minister of Finance will be able to give us the assurance that most of the people who will administer this act will be employees of Central Mortgage and Housing Corporation and that this provision in clause 6 will substantially provide the staff for the board.

Mr. Sharp: Yes, Mr. Chairman, I can give that assurance. The intention of this provision is to authorize the board to enter into a servicing agreement with Central Mortgage and Housing Corporation. It is not intended to go outside, if the services can be provided by that corporation.

Mr. Smith: Does it contemplate that Central Mortgage and Housing Corporation will be paid for those services, or will they have to hire additional staff? If so, does the measure provide for their raising the necessary funds to do this?

Mr. Chatterton: I have another question, Mr. Chairman. Is the minister going to answer my hon. friend's question first?

Mr. Sharp: Mr. Chairman, I have been speaking to my colleague the Minister of National Revenue who is responsible for the

operation of Central Mortgage and Housing Corporation. He says they would expect to be paid. He would hope he could do it, and make a little money, with the existing staff; but if he did not have enough people, he would have to hire more.

Mr. Chatterton: I have a question, Mr. Chairman. I presume this board will be reporting to the Minister of Finance; is that correct?

Mr. Sharp: I think this bill says the minister shall be designated by the governor in council.

Mr. Chatterton: That has not been decided?

Mr. Sharp: That has not been decided.

Mr. Chatterton: If the minister who is to administer this board or have jurisdiction over it is not the Minister of National Revenue, what would be the position if, for instance, the manager of the branch office of Central Mortgage and Housing Corporation in Victoria, British Columbia, had to report on an application from the municipality of Saanich? Would the branch manager send that report to the Minister of National Revenue, or to the minister having jurisdiction in this regard, if they are not the same person?

Mr. Sharp: The application would be made to the local people who would be the employers of Central Mortgage and Housing Corporation at their branch offices throughout the country, and the application would be forwarded to the board and dealt with in that way.

Clause agreed to.

On clause 7—*Function of board.*

Mr. Smith: I should like to say a word on clause 7. The minister said when we were discussing the last clause that he wanted the board to have some discretion. It seems to me that clause 7 is written in a very narrow way. One might even say that clause 7 (1) (a) is written rather clumsily. I should like to suggest that all the words after the word "period" in the fifth line be deleted, because they could be interpreted either as narrowing the scope of the board, which would in the end limit the employment opportunities offered under this measure, or they could be interpreted as being redundant and repetitious, which would only confuse future interpretations of the clause.

Mr. Sharp: Mr. Chairman, I read the clause in exactly the opposite way. I suggest that the purpose of clause 7 (1)(a), which I think is the paragraph he refers to—

Mr. Smith: Yes.

[Mr. Sharp.]

Mr. Sharp: —is to try to establish quite clearly that the projects being financed under the act result in employment over and above what would have taken place had it not been for the act.

Mr. Chatterton: Except there are the two "periods" in the one clause.

Mr. Sharp: The clause says that the board has to be satisfied—

> (a) that the municipal project or part thereof would not, without such assistance, have been included among the capital works projects to be undertaken by the municipality within such period, and that its inclusion therein will not result in any other capital works project of the municipality being replaced or postponed within such period;

In other words, it is to make doubly sure that we are really getting full employment out of the funds placed at the disposal of the municipalities.

Mr. Rock: Mr. Chairman, in clause 7 (3) on page 5, line 26, there appear the words "capital works, as more particularly defined by the regulations". Then you have (a), (b), (c), (d) and (e), which are the type of projects. If these projects are to stimulate and promote employment, I personally feel that the scope of the board is not wide enough. Many municipalities have projects which were commenced years ago, yet they have unemployment in their areas. I feel that the scope should be wider. The last part of the subclause says:

> —such other municipal capital works as are determined by the government of the province.

I should like to know whether this would cover projects which today are lacking in many municipalities, such as parks, beaches, marinas, swimming pools, civic centres or arenas, playgrounds—possibly libraries would be covered under public buildings—bridges, and so on. I should like the assurance that these sorts of projects will be covered under the last part of the clause.

Mr. Sharp: This paragraph is very broad and enables the board to commence a very wide variety of projects under the words referred to by my hon. friend—"such other municipal capital works as are determined by the government of the province". It is quite clear, and I am sure it is the intention of all hon. members, that this bill should be for the purpose of creating additional employment. While I think all hon. gentlemen would like to see more parks, beaches, and facilities of that kind, it would be more difficult for such projects to qualify because the proportion of the expenditure which would create employment would be rather small. If, of course, projects of this kind do result in a

great deal of additional employment and they are required to be financed, they could be considered.

Mr. Gregoire: Just a few words on the matter which is very well illustrated in this clause. When I look at the French version of the bill I see subclause 1 (b) and a sentence covering 30 lines without any punctuation at all. It is very difficult to read the French version and to understand what is meant. I am sometimes in close contact with members of the civil service, employees of the unemployment insurance commission and other boards in my constituency, and I can well understand why they have so many difficulties in settling problems raised by people. It is because the law is written in such a way that they themselves have difficulty in understanding it. I should like to suggest that the minister or the Minister of Justice should instruct those who draft the bill to write them much more clearly and not insert sentences of 30 lines without any punctuation mark. I think this is too long for anyone to understand it. That is my point, if the Acting Minister of Finance would transmit it to the people who write the bills.

Mr. Sharp: I will be happy to do so. I can assure the hon. gentleman that I find the English difficult to read and it is very much more difficult for me to read the French language, which does not happen to be my forte at all.

Mr. Francis: Mr. Chairman, I think that this clause is the very heart of the bill before us and I should like to make two general comments, one concerning the municipalities which I suspect will eventually be able to profit from the bill, and the second concerning the problems raised by the reference to municipal transit systems as being the type of project which might be approved. The hon. member for Renfrew South yesterday raised before the house the problems of many of the smaller municipalities, and in many cases, as in part of my own riding, they coincide with depressed areas. The smaller municipalities are limited in their investment, and my hon. colleague cited the case of a township in his riding with a total assessment of $160,000. I have a number in my riding with less than $1 million total assessment. They are limited by the municipal board of the province which puts forward the 20 per cent rule as the absolute limit on borrowings. In many cases these municipalities are already in excess of the limit of the provincial municipal board. The type of municipality which my colleague was concerned with is not likely to receive very much latitude from the provincial municipal board.

The presumption in many cases was that the larger municipalities would be the first to benefit. The city of Ottawa, for example, has a ratio of debt to assessment, with full adjustment for public buildings owned by the government of Canada in arriving at the assessment figure, of 27 per cent. That is already substantially in excess of the amount permitted to be borrowed as a maximum under the rule of thumb by the municipal board. There is a serious question whether this kind of municipality which has already borrowed so heavily could do much to take advantage of the legislation such as is proposed.

I think there is a special difficulty faced by municipalities outside large metropolitan areas. I am thinking of townships such as Nepean, North Gower and March and Goulburn. These townships are rapidly finding that the spill-over of metropolitan growth is creating a rate of expansion in their areas in excess of their financial capacity to bear. The problem is not just one of capital cost, though that in itself is serious enough. Townships such as these do not have diversified assessments and they are severely limited in their applications before the municipal board. The municipal board has introduced a system of quotas with respect to applications from such townships in an attempt to limit expansion, and this reflects the difficulty which they are experiencing.

A board which was aware of this problem could do a great deal by calling the attention of provincial authorities to special areas where problems are arising. One might say that this is not the business of the federal government, but I think a quiet, helpful suggestion could often be made. There is a serious question in my mind whether provincial authorities are giving sufficient attention to the larger metropolitan areas. This reflects a situation which, partly, arises in this house where the large growing areas are not adequately represented but where the smaller and medium sized areas which for a long time have had stability of population are overrepresented. The municipal boards in many provinces are not paying attention to the problems of the smaller municipalities which border on the large metropolitan areas. I am concerned that the clause does not take this problem into account and I hope it would be possible in discussion with the provincial authorities to take note of it. I hope we shall not find ourselves in a situation where the only municipalities which could benefit would be those who least need assistance. The very small ones with heavy unemployment will experience difficulty. The very large ones which have been trying to do a good job in response to the pressure upon them will find themselves seriously limited. So a great deal

of discretion and wisdom will be needed in the administration of this scheme.

I am concerned about the reference to the municipal transit systems. Clause 7 (3) (e) reads:

> —municipally owned public transport or transit facilities, exclusive of rolling stock and similar operating equipment.

I was pleased to see this reference to transport systems. It represents recognition of a situation which is likely to cause a great deal of trouble at municipal level. One of the things automobiles did was to condition the public to spending tax dollars for expressways and leading them into a penny wise, pound foolish attitude. Money spent on public transit systems does not have a great deal of political appeal, though money spent on highways seems to have tremendous political appeal. Yet money spent on municipal transit systems may go a long way toward the maintenance of secure financing and the preservation of the heart of the city itself. I took up this morning's *Globe and Mail* and saw the following in an editorial:

> Metro Chairman William Allen has scheduled an early meeting of heads of departments to consider what projects should be put forward as desirable for financing by the new fund . . . An example is the Bloor-Danforth-University subway—

I do not know whether the subway which is being scheduled meets the requirement as to eligibility. As I read the bill I do not think it does. But I would think that a rapid transport system is clearly the kind of project which should fall squarely within the scope of this legislation. I hope the phrase "exclusive of rolling stock and similar operating equipment" does not mean that a municipally-owned transport system which attempts to acquire a new fleet of buses, for example, is totally inhibited by the operation of this clause. I can understand that a municipality might have to find its own rolling stock if it were engaged, for instance, in the construction of a project such as the Bloor-Danforth-University subway, but I think we have to provide sufficient flexibility to enable other municipalities to do those things which are logical and right in the particular circumstances in which they find themselves. I hope this clause is not intended to meet exclusively the case of one municipality where at the present time, it would, perhaps, be logical to go underground. A transit project, whether it is underground or over the surface, should make sense and should reflect whatever way happens to be most efficient and most economic without either frustrating or bankrupting the resources of the municipality.

[Mr. Francis.]

Mr. Chatterton: I should like to suggest to the government that they completely remove subclauses (1)(a) and (b) from clause 7 so that any municipal project recommended by a provincial government might be eligible for assistance under this act. I make this recommendation on two grounds. In the first place, the municipalities expect it, because of the promises made by the Liberal party during the last election campaign that a program of over-all assistance to municipalities would be introduced by this government. I realize that the Minister of Finance said last night, as reported on page 2931 of *Hansard*, that it was not the purpose of this bill primarily, or even indirectly, to ease the financial plight of the municipalities. On the other hand, I should like to quote from a full page advertisement which appeared in the Victoria daily *Colonist* on March 31, 1963. The heading is: "Make Loans and Grants for Municipal Services", and it states:

> We need better streets and roads to reduce traffic congestion, better public transit, less pollution, more schools and parks. A municipal development and loan fund will be established to provide capital for sound municipal improvements which provincial governments approve but for which financing is at present inadequate.

It is only at this point we come to the sentence:

> The fund will play a big part in creating new jobs.

In other words, the promise made by the Liberals was that the creation of jobs would be incidental to the main program, which would be to assist municipalities.

The minister also said last night that if the $400 million were used before the expiry date of this measure in 1966, parliament would be asked to vote more money. I suggest the municipalities expect this government to do more than simply provide help in the creation of employment. They expect some assistance in their financial difficulties, and by deleting these two requirements he could go a long way in providing such assistance.

The second ground on which I suggest that these requirements be deleted is because of the practical difficulties which are likely to arise in the course of administration. The bill refers to anything that municipalities would not have been able to proceed with, without such assistance. The question arises, how can a provincial government certify that a municipality would not have proceeded without this assistance or would have proceeded without it? It becomes almost impossible. Even in the winter works incentive program it was very difficult to submit such a certificate, but under that program the projects were small.

I will give an example concerning a large municipality in my constituency. They have a five year capital works program. They are planning a new municipal hall. For several years now they have set aside a certain sum of money out of current revenue to provide a reserve fund to build a municipal hall some time in the future. If this clause is interpreted literally they would not be eligible because they were going to build it in any event.

Last night the Minister of Finance said that if they accelerated it they might be eligible. Would they be if they accelerated it by one day? Would they still be eligible? It will be extremely difficult to administer this provision. Furthermore, those municipalities that have capital project plans for the future are penalized because municipal officers are often asked to submit certificates by the provincial governments and they really have to perjure themselves if the project is to become eligible. From a practical administrative point of view I think this provision should be eliminated and that the scope of the whole program should be widened as promised by the Liberals in the last election.

Mr. Nugent: Mr. Chairman, in connection with clause 7 (1) (a) I should like to say something much in line with the remarks of the previous speaker. Beginning in line 28 the clause reads:

> —and that its inclusion therein will not result in any other capital works project of the municipality being replaced or postponed within such period.

This is going to be a little difficult to determine. Perhaps I am merely labouring the administrative difficulties, but where there is a financial incentive to a municipality to undertake a certain project, no matter what their inclination might have been originally, and where the total amount of the capital available or the total amount of the indebtedness they are willing to incur is limited, I am wondering if there is any possibility that this clause will ever see any use whatsoever. If there is a change of mind by the municipality I cannot imagine they are ever going to say that they had not intended to carry out a particular project because it might cost them money. Perhaps this has to do with the perjury angle mentioned by the previous speaker.

I cannot see the practical application. I do not think this clause will ever be used to select what shall or shall not come within the legislation. I can only see its provisions being avoided. In fact, I think that the practical application of the legislation is going to be limited in any event by the amount of money that is available. What is going to happen is that only this type of project will be proceeded with in these municipalities, and no others will be proceeded with. They will simply say that this was all they intended. It would seem to me to be more sensible to allow both the municipality and the province additional leeway which might result in more honesty, as my friend has just suggested. Give them a choice of any project for which they are willing to incur indebtedness.

Mr. Hamilton: Mr. Chairman, this afternoon the first part of my remarks will be in the form of a question to get an assurance from the acting minister that certain things will happen. Second, I wish to make a comment which I think should be made on this particular clause of the bill. Am I right in assuming from reading clauses 7 (1) (a) and 7 (1) (b) that if an urban municipality has a capital works program extending over the next 10 years and they go to the province and demonstrate that they are going to speed up the program beyond their ordinary rate of progress, then the amount of the speeding up to provide extra employment will be covered by this legislation?

I have in mind here a program, let us say, for the streets of Ottawa. I think every Canadian would be very glad in the national interest and from the point of view of national pride if a good foundation could be laid under these streets so that there would not be potholes big enough for badgers to find refuge in in the spring.

My second point is a fundamental one. It has often been said that in this house many members speak and vote only on behalf of the particular group they happen to represent. This comment is made quite often about those who represent farmers. It is said that we ask the people of Canada to support the government of the day in carrying out a program that will help an individual group like the farmers to achieve some stability, and a higher level of income. I should like to make it very clear how I stand with regard to this bill. I support assistance by the government to the large city municipalities and the smaller ones too, because I believe by making transportation systems more efficient in our cities, by stepping up the development of social capital in our cities and towns, we are helping all Canadians and not just the people of the cities. I wish to make it abundantly clear that I support the social purposes of the legislation, and I hope that the time will come when I will hear those from urban ridings support constructive measures in aid of agriculture if they are in the interest of all of Canada.

Mr. Sharp: Mr. Chairman, may I answer the question put to me by the hon. member for Qu'Appelle. The short answer is that if a municipality accelerates its program and can demonstrate this to the board, it is eligible for assistance under this legislation.

Mr. Hamilton: For the amount that it accelerates?

Mr. Sharp: That is right, for those projects that it brings forward into this period which would not otherwise be undertaken at this time or for that amount of expenditure which they bring forward. May I raise a question of procedure, Mr. Chairman, in order to avoid any misunderstanding. I should like to be sure that all hon. members understood what happened when they approved clause 2 of the bill. As all hon. members know, Bill No. C-76 that we are discussing today is headed, "Reprinted as Proposed to be Amended in Committee of the Whole". I understood that when we approved clause 2 of the bill we approved it as it appears in the reprint, that is, with the amendments proposed by the Minister of Finance last night, and that when we approve clause 7, for example, we will approve it as amended in the reprint.

The Deputy Chairman: Order. There has been some confusion in the mind of the chairman for some time as to what procedure we are adopting here. If it is understood by the committee that in carrying clause 2 we carried the clause in the amended bill, fine, but it must be absolutely understood that we have carried clause 2 as amended. I should like some instruction from the minister on this particular point.

Mr. Churchill: Mr. Chairman, it is a technicality, but to keep the record straight we are agreeable to whatever motion the chairman may wish to put. The understanding is, of course, that the bill was reprinted with these amendments to make it convenient for the house to study them rather than moving them separately and having to deal with them individually as they were read out. However the chairman likes to get over the technicality will be agreeable to us under the circumstances.

The Deputy Chairman: If it can be understood that we have passed clause 2 as amended in the reprint, and if when we carry clause 7 it can be understood that we are carrying it as amended in the reprinted bill that will meet the difficulty. Is that agreed?

Some hon. Members: Agreed.

The Deputy Chairman: We are now on clause 7 as amended.

[Mr. Hamilton.]

Mr. Chatterton: I should like the minister to clarify the last answer he gave. I understood him to say that if the project were accelerated by a municipality, that project would be eligible. Would the whole project be eligible? Let us put it this way. Suppose one municipality plans to build a municipal hall in January, 1964, and in order to become eligible under this plan they decide to build it in December, 1963. Suppose the project had an estimated cost of $100,000?

Mr. Sharp: If hon. members will keep in mind that the purpose of this bill is to provide additional employment within the period of this measure, then I think the answer is fairly obvious. I point out to my hon. friends the words appearing in paragraph 1 of clause 7, which refer to the financing of a municipal project or part thereof. The purpose of that is to enable the board to finance that part of the project that is brought forward from the later period into the period covered by this bill. The financing may be in respect of the whole project; it may be in respect of that part of the project that is completed within the time limit or, if it is brought forward in such a way that a portion of the expenditure would not otherwise be made in the period, and is made as a result of this financing, then it is covered.

Mr. Chatterton: I am sorry, but I am still not clear. Let us take this example of the municipality that wants to build a municipal hall. Let us say the estimated cost is $100,000. Let us say they accelerate that for six months. Would the municipality be eligible to get a two thirds loan and a 75 per cent write-off for the whole $100,000, provided the project is completed within this period?

Mr. Sharp: The test is whether the expenditures are increased within the period. If they are the same as they would otherwise be within the period of the bill, then they have not added to employment within the period covered by the bill itself.

Mr. Chatterton: In other words, the answer to my question is no.

Mr. Sharp: If the project were going to be undertaken in any event, then the answer is no. If, however, the project was to be undertaken five years hence and it is brought forward into this year or next year, then it could be financed.

Mr. Chatterton: Then, the statement made by the Minister of Finance last night was indeed misleading because he did say that if any project were accelerated it would become eligible.

Mr. Lamontagne: The part that is being accelerated.

Mr. Sharp: I think it is quite clear from the text of my colleague's remarks, and he repeated this on many occasions, the purpose of the bill is to increase employment within this period. It is only those expenditures which are additional to those which would otherwise have been made within the period that are eligible. When my colleague referred to acceleration, he meant acceleration by bringing forward projects within the period covered by the bill.

Mr. Chatterton: The explanation just made by the Acting Minister of Finance makes it, in my opinion, even more necessary that clause 7(1)(a) be deleted. The answer given makes it clear that those municipalities that have capital budgets will be penalized. If the municipality planned projects before this bill was introduced, these projects would not be eligible because they had planned them in advance. Other municipalities that do not have a capital program would not be penalized in this way.

Furthermore, because the municipalities' buildings are now subject to sales tax which was not anticipated, there is more reason than ever that this clause should be amended.

Clause agreed to.

Clause 8 agreed to.

On clause 9—*Limit on single loans.*

Mr. Smith: The financing of most capital projects, speaking of the municipalities in Ontario at least, is done by issuing debentures for 100 per cent of the cost of the project. This clause contemplates that the loan fund or loan board will purchase two thirds of the debentures issued relating to the cost of an approved project. What does that mean? Does it mean that a municipality will have to issue two sets of debentures in relation to one project? If they sell debentures in the open market, they may require for one third of the debt an interest rate higher than they would for those being sold to the government?

Mr. Sharp: Yes, my hon. friend is right. If a municipality is not able to finance the one third out of current revenues—

Mr. Smith: Very seldom are they able to finance even one third.

Mr. Sharp: —then it would be necessary for this municipality to issue a different form of security.

The Chairman: Shall clause 9 carry?

Mr. Barnett: I rose on clause 8.

The Chairman: I would need the consent of the committee to return to clause 8.

Some hon. Members: Agreed.

Municipal Development and Loan Board

On clause 8—*Provincial approval.*

Mr. Barnett: I wonder whether consideration might be given to some different form of regulation than that which I understand applies under the sewage loans legislation. As I read this provision, it is rather similar to the provision in respect of securing provincial approval for borrowing authority as applied under the sewage loan legislation. I do know that rather practical difficulties have existed during the period while I was a member of one of the smaller municipal councils in British Columbia in respect of the ability of the municipality to present the necessary bylaw to its ratepayers.

Under the sewage loan legislation, and I think it would be similar under this measure, it was impossible for a council desiring to present a bylaw for approval of the ratepayers to get any assurance prior to the submission of the bylaw that the project would qualify under the legislation. While it was possible, I know, to get some sort of unofficial indication that approval might be granted if the bylaw passed, nevertheless I think the minister will realize that the principal question in determining whether or not a municipal project which would create employment will go forward is the ability of the council to indicate to the ratepayers that the project can be financed on favourable terms.

I wonder if the minister could give to the committee some indication of how this clause will operate in that connection? It seems to me that the operation of this clause, particularly in conjunction with the provisions of clause 7, will make it difficult to have some projects go forward. I do not believe there are too many municipalities in this country, unless they have satisfied some sort of capital development fund and built it up over a period of years, who could go into the kind of project that would be allowed under this measure, except by some form of borrowing of the total amount. In effect this means that the municipalities have the complication of selling at least part of their debentures on the regular money market. I feel that if there were some way in which it would be possible for the municipalities to get official assurance that in fact a particular project would be approved, it would make it simpler for many municipalities to qualify under this provision. In my own thinking it would have been a lot simpler if it had not been necessary for the municipalities to be involved in two methods of raising the money.

Mr. Sharp: I have been looking at these clauses while the hon. gentleman has been speaking, and I do not think there is anything in clause 8 that would in fact interfere with

the working out of processes that would avoid the sort of difficulties he has put forward. Therefore may I suggest to him that his remarks in this connection are now on the record and perhaps will have some influence on the administration, but I do not see anything in the bill itself which would add to these difficulties.

Mr. Barnett: I thank the minister. Actually members of councils have, in the past, been in the position of in effect sticking their necks out and having to assure, without official knowledge, the eligibility of a project, and it would create uncomfortable situations if for some reason later on that turned out not to be the case.

Mr. Smith: On clause 9 might I ask one further question?

The Chairman: I understand we reverted to clause 8 at the request of the hon. member for Comox-Alberni, and I am wondering if we could not pass clause 8 as amended?

Mr. Alkenbrack: I have one question with regard to this clause. I probably should have asked it on clause 7, but I was unavoidably called out of the chamber for a few minutes and you quickly passed to clause 8 during that time. I know it is part of the policy of this bill that federal approval is contingent upon provincial approval, but I would like the minister's assurance that hospitals and schools will be included in this.

Mr. Sharp: Yes, Mr. Chairman, I can give that assurance.

Clause 8 agreed to.

On clause 9—*Limit on single loans.*

Mr. Smith: The rate of interest that a municipality pays on its debentures has, as one of its governing factors, the amount of outstanding debentures that are already existing charged to it. We can envisage cases in this connection where they will be issuing debentures for this board, at the same time as debentures to be sold on the open market. Is there any system of priorities as between open market debentures, being the first debentures issued, so that the board's debentures would be second mortgages in that sense?

Mr. Sharp: I have to confess to my hon. friend that I do not know the answer to that. This is a very technical question and it would be very difficult to predict just what processes will be followed in all cases. Perhaps there will be different practices amongst municipalities and provinces.

Mr. Smith: I suggest that a loan cannot be approved under this bill until the board is assured that the municipality has the first third of the money. When they are considering the administration of the bill, that might give the opportunity to have the commercially sold debentures held to be the prior debentures to the board debentures.

Mr. Sharp: It is very difficult to answer this question because financing may occur at many stages, at the end of the work or the beginning, and the relative priorities will probably have to be settled at the time.

Clause agreed to.

Clause 10 agreed to.

On clause 11—*Reduction of indebtedness for completion.*

Mr. Smith: Could the minister tell us how the forgiveness is to operate? Is it to be forgiveness at the beginning or a forgiveness entirely at the end, or is it so much a percentage forgiveness for each debenture payment as you go along?

Mr. Sharp: The short answer to that is that the forgiveness is at the end, before the debentures are issued.

Mr. Smith: The last debentures; so that in the meantime the municipalities have to levy a higher amount. It would seem that if the forgiveness could be a percentage across all debentures it would have a stabilizing effect on the municipal tax levy.

Clause agreed to.

On clause 12—*Prescribing interest.*

(Translation):

Mr. Favreau: Mr. Chairman, with respect to clause 12, my attention was drawn yesterday to the fact that, in line 48 of the French version, there was a mistake inasmuch as the translation of:

"one quarter of one per cent"

reads:

«un quart pour cent.»

That could be taken for 25 per cent, one never knows. Therefore, I suppose the house would agree to the wording being changed without a formal amendment, to read:

«un quart de un pour cent.»

The Chairman: I understand that this is probably due to a misprint and I assume that the bill, in its next printing, will be corrected accordingly.

(Text):

Clause agreed to.

On clause 13—*Limitation as to time and total amount.*

Mr. Smith: When the minister was speaking last night he suggested that if the loan fund worked well he would be coming back to parliament for more money. Suppose we have the situation where one province is in a position to take advantage of this fund more quickly than others, what will happen? For instance, there is some indication with regard to the technical school building program that the province of Ontario, in a per capita sense, has got rather ahead of the other provinces. That might happen again. One province might have a shelf of needed public works to go ahead with, and might run out of its per capita share. What would the government do in that situation.

Mr. Sharp: I am always pleased to see my hon. friends opposite waver from side to side on this question.

Mr. Smith: I have never wavered. Half a loaf is better than none.

Mr. Sharp: At one time they are afraid there is not enough money, and another time they are afraid that there are not going to be any applications. However, I do not want to open a debate on that. I think the answer to the question asked by my hon. friend is, that under the circumstances he has envisaged the government would not hesitate to come back to parliament to be sure the purposes of the act are fulfilled.

Clause agreed to.

On clause 14—*Advances to be out of C.R.F.*

Mr. Gregoire: Mr. Chairman, I would like to ask a couple of questions on this clause. First I would like to know how much money there is in the consolidated revenue fund.

Mr. Sharp: Mr. Chairman, because my hon. friend gave notice that he would probably ask questions of this kind my officials have filled me full of information. There were $570 million in the consolidated revenue fund as of yesterday.

Mr. Gregoire: While we are on this problem, Mr. Chairman, I would like to ask a couple of other questions. Can we know where this money is coming from?

Mr. Sharp: It is coming from taxpayers and from those who lend money to the government.

Mr. Gregoire: With regard to this clause, Mr. Chairman, we would like to move an amendment.

(Translation):

I move, seconded by Mr. Gauthier, that clause 14, lines 41 to 44 inclusive on page 5, *Municipal Development and Loan Board* be amended as follows:

After the word "advances" strike out the words "out of the consolidated revenue fund" and substitute the words "from the Bank of Canada".

(Text):

Amendment (Mr. Gregoire) negatived: Yeas, 6; Nays, 58.

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

Some hon. Members: Carried.

(Translation):

Mr. Gregoire: Mr. Chairman, before pursuing the study of this bill, I would like to draw your attention to the fact that our hon. friends opposite take on today a position that is entirely contrary to the one they adopted last year, when they voted in favour of an amendment which was more or less on the same lines—

The Chairman: Order. I am sure that the hon. member is well aware that he cannot refer to the way some members have voted in the house or in committee.

(Text):

Mr. Leboe: Mr. Chairman, I would like the minister to tell us whether it is impossible to use the credit of the Bank of Canada for the purpose of this fund. Is it impossible to use the credit of the Bank of Canada under these conditions?

The Chairman: Order. I do not want to interfere uselessly, but it seems to me the very point now raised by the hon. member for Cariboo has been disposed of when the amendment was voted down.

Mr. Leboe: I did not hear what you said, Mr. Chairman; I did not have my earpiece on.

The Chairman: Perhaps I can speak just a little louder. I was saying that the point now raised by the hon. member is precisely the same as that which was disposed of when the amendment proposed by the hon. member for Lapointe was defeated.

Mr. Leboe: With all due respect, Mr. Chairman, I do not think the questions are related in that way at all. I am now asking whether this is possible. The vote showed they did not agree with it, but I am now asking whether it is possible.

Mr. Sharp: I should point out to my hon. friend from British Columbia that regardless of where we borrow the money, it goes into the consolidated revenue fund. So this may make some difference to the finances of the country. But the particular point the hon. member has raised is not very relevant to this bill, because if the government of Canada

were to borrow from the Bank of Canada, it would go into the consolidated revenue fund.

Mr. Leboe: I think it is relevant for the reason that we are planning a deficit budget here in parliament and the increase in the money supply is going to be the same in either case. All I want the minister to do—and he can say yes or no—is say whether it is possible. All he has to do is answer my question yes or no. Surely it must be one or the other.

The Chairman: Order. I must say that I agree with the proposition put forward by the minister, that this point is really not relevant to the clause now before the committee. It appears to the Chair that the hon. member is perhaps proposing to amend the Bank Act, and that is not before us at the moment.

Mr. Gregoire: Mr. Chairman, we are dealing with a bill which will authorize the spending of $400 million; that is the matter we are now studying. If the money is coming from the consolidated revenue fund, from where will it be taken to go into that fund? The amendment has been defeated, but the point is that this money will come from that fund. Where will the money be coming from to go into the fund? I think the question of the hon. member for Cariboo was completely in order for the reason that it is in order to ask the Acting Minister of Finance whether it is possible to have the Bank of Canada finance the consolidated revenue fund in regard to this $400 million. Is it possible, or not?

Mr. Sharp: Mr. Chairman, it is possible. In my opinion, inadvisable.

Mr. Gregoire: Then, Mr. Chairman, I would like to ask the minister this question. If it is inadvisable, why did the Liberal government in 1939 borrow money directly from the Bank of Canada? I think that was done in October, 1939.

Mr. Sharp: This, as you have said, Mr. Chairman, is a very complicated question dealing with the money supply. I would be quite happy to debate this question with my hon. friend, but I really think that at twenty minutes to six on what I hope will be the last day of this part of the session it would be inadvisable for me to enter into such a debate, just as it would be inadvisable for the government of Canada to borrow large sums of money from the Bank of Canada.

Clause agreed to.

On clause 15—*Agent of Her Majesty.*

Mr. Nasserden: Mr. Chairman, I would like to ask the minister whether clause 15 involves any of the rights of the crown, its patronage, its property or its prerogatives.

[Mr. Sharp.]

Mr. Favreau: Mr. Chairman, I think the short answer to this question is that the effect of clause 15 is to make the board a corporation of the crown; to make it henceforth a representative of the crown and to give it the status of a body acting not on its own behalf but really on behalf of the crown. So that anything that is made by the board is deemed to have been made by the crown.

Mr. Nasserden: Am I correct in saying that this means that this involves the rights of the crown, its patronage, its property and its prerogatives?

Mr. Favreau: Surely it does not abrogate or diminish in any way the rights or prerogatives of the crown, because the board will be created when the law is enacted by an act of parliament and will be regulated by regulations enacted by the crown in right of Canada. So that the board will have no jurisdiction to do anything which will in fact affect the rights of the crown, because if it did it will be acting beyond its jurisdiction.

Mr. Nasserden: I am not clear on that point. Does this involve any of the rights of the crown, is what I am getting at.

Mr. Favreau: I am sorry if my answer is not clear. It is because the hon. gentleman's question is not clear to me. If he would care to give an illustration of what he fears, or of what right of the crown might be involved or affected, I might be in a position to answer him.

Mr. Nasserden: The clause reads:

> The board is for all purposes of this act an agent of Her Majesty, and its powers under this act shall be exercised only as an agent of Her Majesty.
>
> (2) For the purposes of this act, the board may, on behalf of Her Majesty, enter into agreements in the name of the board.

I am asking whether this involves the rights of the crown, and whether the minister could answer that question.

Mr. Favreau: All acts of any agent or officer of the crown do involve the rights of the crown, but the question is whether that board, agent or officer acts in accordance with the authority given by the crown and the instructions of the crown. As the bill is drafted, surely even when the board purports to act in its own name the effect of the bill is that any legal undertaking given by the board will be deemed to have been given by the crown itself.

Clause agreed to.

Clauses 16 to 22 inclusive agreed to.

Title agreed to.

Bill reported.

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

Mr. E. Nasserden (Rosthern): Mr. Speaker, I rise on a point of order. My point of order is that this bill involves one of the prerogatives of the crown and therefore requires the consent of the crown before it can be given a third reading in the House of Commons. May I refer you to citation 283 of Beauchesne's Parliamentary Rules and Forms, page 231 of the fourth edition:

> The royal consent cannot be communicated in committee, is generally given at the third reading, and its omission, when it is required, renders the proceedings on the passage of a bill null and void—
>
> The procedure with respect of signifying the "consent" is different from that in giving the recommendation of the crown. The recommendation precedes every grant of money the consent may be given at any stage before final passage, and is always necessary in matters involving the rights of the crown, its patronage, its property or its prerogatives.

I should also like to quote from Bourinot's Parliamentary Procedure, fourth edition, page 413, where we find the following:

> A misapprehension has sometimes arisen as to the time when the "consent" of the crown should be given to a bill. The procedure with respect to signifying the consent is different from that in giving the recommendation of the crown. The recommendation precedes every grant of money; the consent may be given at any stage before final passage, and is always necessary in matters involving the rights of the crown, its patronage, its property, or its prerogatives.

Then on page 414 we find the following:

> If the royal assent is not given at the last stage, the speaker will refuse to put the question. If a bill, requiring the royal assent, should be permitted to pass all its stages through some inadvertence, attention will be called immediately to the "fact in the house, and the proceedings declared null and void".

I should like to draw your attention to what is said in this regard in May's sixteenth edition, page 825, as follows:

> The fact that a bill affecting the interests of the crown has been mentioned in the speech from the throne does not exempt it from the need for the royal consent.
>
> Where a bill affecting the interests of the crown has been suffered, through inadvertence to be read the third time and passed without the royal consent being signified, the proceedings have been declared null and void.

The English translation of Faucher De Saint Maurice's parliamentary procedure, dealing with the matter on page 657, reads as follows:

> I am of the opinion that the consent may be given at any time before the final question, "That the bill do pass", and that in the absence of such consent, this final question is the only one which the speaker is prohibited by the law of parliament, and by constitutional usages, from putting to the house.

All of these authorities are agreed on the necessity of the crown's consent. They are also emphatic that without that consent a bill is declared null and void. This is a very commendable piece of legislation and my purpose in bringing this matter—

Mr. Pickersgill: Could I ask the hon. gentleman a question. Has he by any chance a copy of the statement he is making? It is a little difficult to follow for anyone who would like to comment upon it.

Mr. Nasserden: I will let the hon. gentleman have it when I have completed my remarks, if he would like it.

Mr. Knowles: So would I.

Mr. Nasserden: I have only one copy here; I wish I had more.

Now, Mr. Speaker, this is a very commendable piece of legislation which is before us. My purpose in bringing this matter up at this time is not to try to destroy the bill. I am not trying to delay the proceedings.

Some hon. Members: Oh, no.

Mr. Nasserden: Well, hon. gentlemen opposite can raise cain all they want here today, but I spent the better part of a couple of weeks going through the rule books on this question and I should like an answer today for my own satisfaction, and I believe for the satisfaction of others as well.

In the British House of Commons the procedure followed has been in conformity with the views expressed by the authorities I have mentioned. There are a great many citations to which reference might be made and which might be brought to the attention of the house in support of these views. The practice in Great Britain, as evidenced by the journals of their house of commons, might be interesting to the members of this house. I refer to volume 107, page 157, where we find this:

> The house was moved, that the entry in the votes of yesterday of the proceedings of the house on the third reading of the Rhyl Improvement Bill might be read, and the same being read;
>
> And notice being taken that Her Majesty's interest is concerned therein, and that Her consent had not been signified thereto;
>
> Ordered that the proceedings on the third reading of the said bill be null and void.

The situation was the same with regard to another bill which had been dealt with by the British House of Commons.

This matter became the subject of an interesting debate in the Canadian House of Commons on May 29, 1951, at which time the distinguished leader of my party, the then member for Lake Centre, questioned the procedure which was being followed. The minister of justice of that day was piloting a bill through the house regarding the Petition of Right Act and by his statement as reported in *Hansard*, 1951, at page 3505, he confirmed

the practice which appears to have been overlooked in this instance before us today. His words, as reported on page 3505, are as follows:

> Mr. Speaker, the governor general, having been informed of the purport of Bill 192, an act to amend the Petition of Right Act, gives his consent as far as his Majesty's interests are concerned that the house may do therein as they think fit.

Third reading was then moved, and the bill passed.

Mr. Garson reinforced that practice on January 23, 1953, when he is reported in *Hansard*—

Mr. Favreau: I do not like to interrupt the hon. gentleman, but would he care to answer a question for the enlightenment of hon. members?

On what ground does the hon. gentleman claim that the rights and privileges of Her Majesty are being affected by the present bill? I think an answer to this will help us pursue a debate, if there is to be a debate on this.

Mr. Nasserden: I was just coming to that, Mr. Speaker. The quotation to which I wish to refer is to be found on page 1272 of the debates for 1953. Mr. Garson, moving a bill had this to say:

> Mr. Speaker, before you put this motion may I say that His Excellency the Governor General, having been made acquainted with the subject matter of this resolution, recommends it to the consideration of the house; and having also been acquainted with the purport of the measure to be introduced has given consent, so far as Her Majesty's prerogatives are affected, to the consideration of the bill.

In 1959, as reported at page 5660 of *Hansard,* volme V, covering the debates of July 14, the Hon. Ellen Fairclough, dealing with legislation to confirm an agreement between Canada and New Brunswick respecting reserves, said:

> Mr. Speaker, His Excellency the Governor General having been made acquainted with the purpose of this bill, has given consent so far as Her Majesty's property rights are concerned, that the house may do therein as it shall think fit.

There is a further example on similar lines which could be quoted.

The purpose I have in mind in bringing this up is to remind the house that government in Canada is carried out by the crown, by the Senate and by the House of Commons. By the omission of this little phrase I think we have left something out, not only in this bill but in the bill I tried to deal with this morning as well as in one of the bills which has already passed this house. I had not completed my study of this matter at that time. It is in the hope that the question is one of interest to other members of the House of Commons that I have brought it forward.

Mr. Deputy Speaker: I do not want to suggest that a debate be instituted at this time. The Chair is not sure it has the experience to decide on such an interesting, and perhaps novel point as the one raised by the hon. member for Rosthern. I may say, however, by way of preamble, that it is difficult for the Chair to rule that a bill which the government and members of parliament generally feel does not require royal consent does, indeed, come within that category. It is difficult for the Chair to substitute its own opinion and say that it does. This having been said, I should like to turn to the citation which has been quoted by the hon. member, that is, citation 283. It is obvious that his whole argument, as has been suggested by the Minister of Citizenship and Immigration, Mr. Favreau, is based on the premise that certain rights and privileges of the crown are affected. It says:

> The consent of the King or Queen, as the case may be (to be distinguished from the royal assent of bills) is given by a privy councillor to bills (and occasionally amendments) affecting local and personal interests which concern the royal prerogative, the hereditary revenue or personal property or interests of the Crown or Duchy of Cornwall.

It has not been shown clearly to the Chair that any of these things is affected by this particular bill and I therefore feel that the point of order raised by the hon. member cannot be sustained.

Mr. Churchill: I suggest that the point of order raised by the hon. member carries a great deal of weight, as well as being a most interesting one. As the hon. member gave the references, I referred to Beauchesne, Bourinot and May and continued to read in the paragraphs to which he made reference. It appears to me there is more to this than might appear to anyone who was just listening for the first time to the contention being put forward. I think we may assume that the hon. member has a valid point here and I would suggest that in the circumstances a ruling from the Chair be deferred until later this evening or until after Mr. Speaker can have a look at it.

Mr. Deputy Speaker: The hon. member will recognize that a ruling, right or wrong, has already been made. I purposely hesitated before making it, realizing that hon. members might wish to speak on the point of order, although I was not altogether satisfied that such a discussion was desirable at that point. I trust that the hon. member will agree that the Chair, having made a ruling, it is a little late to revive the point of order raised by the hon. member for Rosthern. I would suggest we proceed to the third reading of the bill.

Mr. Diefenbaker: I am not in any way criticizing the ruling you have made. Far

from it. None the less, I feel that on the basis of the authorities to which reference has been made this is a matter where a decision by yourself could not be regarded as a precedent. I had no idea this matter was to be raised by my hon. friend until this afternoon. I mentioned this last evening in my opening remarks. I did so because of the vast changes in this act—

Mr. Deputy Speaker: Order.

Mr. Diefenbaker: If I may conclude, during the discussion last night I asked whether or not—

Some hon. Members: Order.

Mr. Diefenbaker: I do not want to appeal against your ruling. I want to point out this—

Mr. Deputy Speaker: With the greatest deference to the Leader of the Opposition, may I say that the Chair is in a position where it is difficult to admit that there could be a debate on the ruling which has been made. I appreciate that it will not help very much if there is an appeal from the ruling, as far as time is concerned. On the other hand, the right hon. gentleman will be the first one to realize that we have to go on the basis that the ruling, as I said, right or wrong, has been rendered, and I would not think much could be achieved by reopening this ruling. I am sure that the important and interesting point which has been raised, and which was also raised on another bill this morning, can be raised on bills that will come before the house on future occasions, and perhaps in the meantime the legal officers of the crown will have an opportunity to study the interesting point raised by the hon. member for Rosthern. But in view of the normal procedure of the house I would feel that a ruling having been rendered, I should ask the co-operation of the hon. gentleman to consider the matter closed. I would therefore ask if it is the pleasure of the house to adopt the motion, the motion being for third reading.

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, I just rise because I was called during the discussion of the bill in the committee stage.

Mr. Deputy Speaker: Is it the pleasure of the house to adopt the said motion? Carried. When shall the said bill—

Mr. Herridge: Mr. Speaker, I just want to speak for a moment or two on the principle of the bill. I simply want to say that I am pleased that the government listened to the representations of members and amended the bill so as to include incorporated local authorities in the principle of the bill with respect to municipalities. This will be received with great pleasure by a lot of small communities which can benefit from this legislation.

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

Some hon. Members: Agreed.

Mr. Sharp (for Mr. Gordon) moved the third reading of the bill.

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

Mr. Sharp: Mr. Speaker, may I have consent to revert to motions to make a statement that I promised earlier in the day?

Mr. Churchill: How long is the statement going to be? The supper hour is reduced now to 55 minutes.

Mr. Diefenbaker: Mr. Speaker, we have been submitting continually today to making compromises. I tried to raise a matter a moment ago and I have no further argument about that. However, the rules are the rules and it is now after six o'clock. There is no reason why we should agree to compromise when the same attitude is not being shown to us.

Mr. Pearson: Mr. Speaker, this is a very important statement but if the house does not wish to receive it at this time it may later.

Mr. Diefenbaker: At seven o'clock.

At six o'clock the house took recess.

AFTER RECESS

The house resumed at 7 p.m.

TRADE

WHEAT—ANNOUNCEMENT OF SALES TO RED CHINA

Hon. Mitchell Sharp (Minister of Trade and Commerce): Mr. Speaker, I am pleased to advise the house that the Canadian wheat board has made an announcement today regarding a new long term wheat agreement with the China National Cereals, Oils and Foodstuffs Import and Export Corporation. This agreement is similar in form, although not in every respect of course, to the agreement signed on April 22, 1961, between the wheat board and the Chinese corporation. Under the agreement, the Chinese corporation has declared its intention to purchase from Canada three to five million long tons, that is approximately 112 to 186.7 million bushels of wheat over a three year period, August 1, 1963 to July, 1966. The Canadian wheat

board has undertaken to make such supplies available to the Chinese trading corporation concerned with specific quantities, prices and shipping periods to be negotiated periodically.

The terms of payment for sales under the long term agreement are 25 per cent cash when each vessel is loaded and the balance of 75 per cent in 18 months with interest. The deferred payment provision is made possible by a guarantee to the Canadian wheat board by the government of Canada, similar to the guarantee that was given on the occasion of the previous agreement. The first sales contract under the long term agreement has been negotiated and provides for the export to China of 500,000 long tons of wheat from Pacific coast ports during the period August 1, 1963 to January 31, 1964. I am sure all hon. members will agree that this is a worth while and important step in what I hope will be a substantial and continuing market for Canadian wheat in mainland China.

We have now in prospect sales of at least three million long tons of wheat to the China National Cereals, Oils and Foodstuffs Import and Export Corporation over the next three years subject only to price negotiations respecting individual contract under the long term agreement. In order to promote mutually advantageous trade the Chineses State Trading Corporation will, of course, seek to maintain and develop their market in Canada for various items. It is in our mutual interest to provide them with an opportunity to do so, subject to appropriate safeguards to avoid market disruption and damage to Canadian producers. In this connection, the Chinese State Trading Corporation have undertaken to limit their exports of sensitive items, including textiles, to Canada.

The signing of the first contract under the agreement in an amount of 500,000 tons for delivery in the last half of the year is a clear indication of the intention of the China national cereals corporation to make this a workable agreement to the mutual benefit of both parties. The successful conclusion of the agreement and the initial contract is a step towards meeting the desire of our major farm organizations to concentrate efforts on moving as much grain as possible into export markets as a means of dealing with the problem of supply and demand. Let me assure those organizations and members of the house that the efforts of the Canadian wheat board and the government to expand wheat sales generally will not cease with the conclusion of this agreement with the China national cereals corporation.

Before sitting down, Mr. Speaker, may I also offer my hearty congratulations to the chief commissioner of the Canadian wheat board who on this occasion, as on previous occasions, has done such a good piece of negotiating.

Hon. Alvin Hamilton (Qu'Appelle): Mr. Speaker, I had expected to hear this announcement at six o'clock but due to circumstances it was not made then, and I had an opportunity to have a preview of it before the minister spoke. I am, therefore, reasonably better prepared than I would have been had the announcement been made at six o'clock.

My first observation is this: Surely, no announcement could be made in this house that more clearly vindicates the position of the previous government and of myself personally with regard to sales to communist China. I think now the minister must be aware, even if some of his colleagues are not, of the reasons I went to Kowloon at the end of April, 1961. He is now reaping the rewards of the foundation that was laid during my visit to that city in April, 1961. If hon. gentlemen opposite had wanted to be fair and reasonable, they would have noticed when I came back from Kowloon that I said very clearly I went over there for three reasons: First, to establish how they were going to pay for the wheat; second, to lay the foundations for an extension of the long-term agreement beyond 1963—it is all on the public record—and third, to see what I could do to find ways and means to establish trading relations that would be harmonious and helpful to us both.

This agreement is very sweet reading to me tonight. I am going to promise the minister that under no circumstances from me—and I hope not from any other member of the Conservative party—will he ever have to face up to what I had to face up to in the period that I was minister of agriculture in charge of the Canadian wheat board.

I give it to you in the words of your own Prime Minister, who in this house said this deal was a windfall in 1961 and would never happen again. He said it was a case of cash to our friends, and credit to those we did not recognize diplomatically. Another man who is now out of the house, the former member for Assiniboia, who became the policy maker for the Liberal party on agriculture stood up and said the whole deal was a hoax, a fraud and a myth. He is the only one who has become a myth. Even one of the present Liberal members of the house, who is not in his place now, stood up and inferred that this deal with China was treason to our country. This is the kind of thing I had to take.

Then we had a free lance newspaperman by the name of Jack MacBeth who wrote a series of scurrilous articles that would do

credit to a John Bircher. He collected all the scuttlebutt he could find in the fan-tan clubs of Hong Kong and published it as truth. Where is he today? He is an executive assistant to a minister of the crown. I have sat idly—

Mr. Pickersgill: Idly is right.

Mr. Hamilton: —for two and a half years and taken this. I would also like to point out that on two occasions when I was minister, motions were moved by hon. members who are now ministers, asking that the agreement be produced. I am glad the minister has not produced that agreement, because if he did so he would be acting contrary to the principles of the wheat board and the interests of the farmers. I am glad members of the government are learning responsibility, now that they are sitting on that side of the house.

Just in case the minister feels I am letting him off too lightly, I would point out that for the past few weeks he has been going out west and telling the farmers that the Canadian wheat board is their organization for the selling of wheat. He nods his head in the affirmative. This is all very fine, but he should remember that most of the wheat is sold by private enterprise firms acting as agents for the wheat board, and that if he himself does not play an active part we will be in as serious trouble as we were in when he was deputy minister, when we took office in 1957.

I now want to say a word or two about the quantities. In the announcement it is stated that the minimum is 3 million long tons and the maximum 5 million long tons, or 187 million bushels. What does this mean in relation to the previous agreement? If you want to measure the relative sales, the Chinese in their commitments to Canada to take a certain amount of Canadian grain over the three year period 1961, 1962 and 1963—which is not over yet—indicated they were willing to buy up to 276 million bushels of grain during that period.

Now the present indication is that, taking a three-year period by going back to August 1, and extending it on for three years, they have come out with a maximum of 187 million bushels, worked out in round figures the farmers will understand. The farmers expected to sell roughly 90 million bushels of grain a year to China under our government. Under this agreement they will sell 60 million bushels.

I think the Minister of Trade and Commerce should be congratulated on selling so much grain to them in view of the type of things said about the Chinese during the last two and a half years. On behalf of westerners I can say that we are grateful that the Chinese bought any at all, under present circumstances.

I could deal at some length with this business of overlapping the contracts, but instead I shall just take a few of the salient points in the agreement. The credit arrangement has been changed to 25 per cent down and 18 months to pay. The first arrangement on credit was 25 per cent down and the balance in nine months, and we amended that in the last agreement to 25 per cent down and the balance in 12 months.

At this stage I would like to make a suggestion in which I know I will be joined by others. Indeed the Secretary of State is very much aware of this suggestion and it is that since the Chinese have demonstrated that not only do they pay their debts on time but ahead of time then now is the time to consider bringing this type of credit arrangement with the Chinese, whereby the federal government guarantees unconditionally any losses, under the terms of the Export Credits Insurance Act.

We enlarged the scope of that act last session from $200 million to $400 million, and I would suggest that the minister may be faced with the necessity of coming back and telling us that the $100 million provided in the revolving fund may not be large enough if the Chinese buy up to the maximum. I think I can assure him that we will support any move on the part of the government to support this credit sale under the Export Credits Insurance Act to the Chinese.

In conclusion I wish to say that the situation in Canada in regard to sales of grain is a challenge to the minister. We produced a better than average crop last year, and I hope we will produce an even better crop this year. However, the crop is not yet in the bins, and the minister must be made aware, daily and hourly as I am, of the reports of stem rust sweeping through southern Saskatchewan. It will not do any harm to the wheat, except to delay the maturing of the grain, and the delay in the period of ripening of the grain may put us into the frost period.

This has an important bearing on Chinese sales for future contracts. If the frost comes —and I hope it does not—we may find ourselves with a tremendous number of millions of bushels of low grade wheat, and I suggest that if there are going to be large amounts of low grade wheat, then the wheat board officials should be asked immediately to go to the Chinese and say, "We are prepared to renegotiate and give you many more bushels of low grade wheat instead of high grade, which is all we had to sell previously."

The second suggestion I would make to the minister in all sincerity is—forget the political sniping I had to undergo, and go to Kowloon. Talk to these men as individuals. Not only do we want them to buy from us we want to get to know them. I suggest he would benefit a great deal himself from such a meeting, and I am sure Canadians in all walks of life would recognize that we are not too proud or hostile to our trading partners to talk to them.

Further I suggest that he follow his deputy minister abroad to eastern Europe. There should be a visit paid, by the minister responsible for selling grain, to Russia, Poland, Czechoslovakia, Hungary, Bulgaria, Rumania, Yugoslavia, and yes, East Germany too. All of these nations have need for grain of some sort, whether feed grain or bread grain. This is what the minister should do. He should not panic and tell the farmers to reduce their acreage, because there are opportunities to sell, and if the grain is sold to the Chinese, to western European nations and eastern European nations, then we are doing good not only to the farmers in western Canada but we are keeping up the prices of hogs, cattle and poultry all across the country. Every farmer in Canada will benefit and every Canadian. This has been a long statement, but I have been waiting two and a half years to make it.

Mr. H. A. Olson (Medicine Hat): Mr. Speaker, I am sure the grain producers in western Canada will, in view of the larger than normal crop that is growing, be pleased to hear the announcement that has been made this evening. There were a number of members in this house from all parties, except the government of the day, who felt that the first deal with mainland China was perhaps a windfall sale because of a severe drought in that country. The extension of this agreement for a further three year period indicates that perhaps it was not altogether a windfall sale, and we should give some credit to the previous government for initiating action in finding this large market for Canadian wheat.

I think the terms of the agreement are essentially the same as those announced several months ago, and therefore require very little comment from me. There is perhaps one major difference, which is that there is now a firm contract for 500,000 long tons of wheat for delivery between August 1 this year and January 31, 1964. The Canadian wheat board and the minister at that time may have known of firm contracts, but I do not believe they were made known to the farmers in western Canada.

There is one problem we can envisage with this kind of deal; that is, we get a large portion of the export of Canadian wheat tied up with one country which we all recognize is getting into difficulty with its neighbours. I remember that last fall when the dispute arose on the Chinese-Indian border there was very serious concern about what was going to happen to the Canadian wheat exports to mainland China. Even today we hear rumblings of difficulties along the border, and if this should flare up into something serious—and we all hope this will not happen—it is certainly going to put this whole agreement in jeopardy again.

I would therefore express some concern about the loss of volume to some of our traditional markets that has taken place over the last ten years. I would urge the Minister of Trade and Commerce (Mr. Sharp) to make a maximum effort toward building up these traditional markets to the volumes we exported some eight or ten years ago. I have a great many statistics that were given me in a sessional paper in reply to a question I asked. I am not going to read them all, but I will give some examples. For example, in 1952-53 we sold Great Britain 102 million bushels of wheat. By 1961-62 this had dropped to 73 million bushels. I agree there were some erratic movements of the volume for each year; but if you look at the whole period you will see there has been a steady decline in that market. The same is true of Belgium, Luxembourg, the Netherlands and some of the south American countries, particularly Brazil, which was buying substantial quantities of wheat from us ten years ago and now they are not buying any. So I think it would be of great importance for the stability of the wheat market if the Minister of Trade and Commerce and the wheat board were to increase their efforts toward improving sales to these areas, where I think the sale continuity would be a little more reliable.

In closing, Mr. Chairman, I say that we in this party welcome this announcement. We hope these sales will continue and that no difficulties will arise in the interval which will interfere with this deal. While no price is stated, I presume it will be going out at what is the international market price whenever the deliveries are made.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, it is not often that the member for the constituency in which the head office of the Canadian wheat board is located has an opportunity to say anything regarding the activities of that board. But that particular member is very happy tonight to congratulate the Canadian wheat board on the contracts and the agreements

that have been announced by the board and here in the house by the Minister of Trade and Commerce (Mr. Sharp). We feel this is not the time to have too much discussion or argument about who went to China when. The important thing is that this contract has been concluded; that the Canadian wheat board has been assisted by this government, as it was assisted by the previous government, in terms of making it possible for the board to guarantee the loans. We welcome the various items of detail that were given to us in the statement made this evening.

We agree with the remarks made by the hon. member for Qu'Appelle (Mr. Hamilton) and the hon. member for Medicine Hat (Mr. Olson) to the effect that we must look for other markets as well as the tremendous market in mainland China. I think it is perhaps not out of place for us to note that the problem of food, the problem of hunger, the problem of poverty, all those things that are economic, are world wide problems and it is good to note that there are times when in pursuit of settling those problems we get around the difficulties of diplomatic relationships.

It does seem to me that if we find it possible to deal with the people of mainland China in terms of trading our wheat for the commodities they have to sell to us, the day must come when we will recognize the *de facto* government that is there and try and get China into the councils of the nations of the world so we can do something to remove the causes of friction and tension between east and west. By the same token, if we can sell our farm products, as the hon. member for Qu'Appelle has suggested, to the countries that he listed, I think we not only help to find markets for the products of our farms but can play our part in helping to make one world out of a planet that all too often is torn with strife and dissension.

We congratulate the wheat board on what it has done. We are glad that this government, like the previous government, has been able to give the backing the wheat board needed; and we congratulate the farmers of western Canada on the benefit there is for them in the announcement that has been made tonight.

Mr. Reynold Rapp (Humboldt-Melfort-Tisdale): Mr. Speaker, could I ask the minister just one question for clarification in regard to the statement he made. Mention was made of the fact that 41 million bushels were left of the previous contract. Are they included in this contract from 112 million to 186 million bushels?

Mr. Sharp: Mr. Speaker, as the hon. gentleman from Qu'Appelle will remember, the Chinese corporation was only obliged to buy a minimum quantity of wheat, and the maximum quantity was an obligation upon the Canadian wheat board to deliver if called upon. The Chinese decided not to call upon any further wheat under the old contract and they replaced it by the present contract.

Hon. Theogene Ricard (St. Hyacinthe-Bagot): Mr. Speaker, although I do not want to speak at length on this sale of wheat—

Mr. Pickersgill: Mr. Speaker, on a point of order, I think it is a well recognized rule that when a statement is made on motions, as was this one, there is a comment from one member of each party and there is no debate.

Mr. Deputy Speaker: That is my understanding. Indeed, I had some qualms about allowing the hon. member for Humboldt-Melfort-Tisdale (Mr. Rapp) to submit a question to the minister. I think we should not pursue the matter any further.

Mr. Ricard: Another kind of closure.

Mr. Rapp: Mr. Speaker, my question was just to clarify one point in the minister's statement.

Mr. Deputy Speaker: I appreciate that.

DIVORCE

AUTHORIZATION FOR SENATE TO DISSOLVE OR ANNUL MARRIAGES

Mr. Speaker: I have received a message from the Senate informing this house that the Senate has passed Bill No. C-93, an act authorizing the Senate of Canada to dissolve or annul marriages, with amendments. The amendments are as follows:

Amendments made by the Senate to the Bill C-93, sent up from the House of Commons, intituled: "An act authorizing the Senate of Canada to dissolve or annul marriages".

1. Page 1, line 9. Strike out line 9 and substitute the following:

"subject to the provisions of subsections (2) and (3),"

2. Page 1, lines 28 to 32 inclusive. Strike out subclause (3) and substitute the following:

"(3) If the bill referred to in subsection (2) is disposed of otherwise than by becoming law or by reason of prorogation or dissolution of parliament, the resolution dissolving or annulling the marriage shall have full force and effect on the date on which the bill has been so disposed of."

3. Page 2, lines 1 to 10 inclusive. Strike out subclause (4) and substitute therefor the following:

"(4) Where a petition or a bill seeking the annulment or modification of a resolution of the Senate dissolving or annulling a marriage has been disposed of by reason of prorogation or dissolution of parliament, and a new petition and a draft bill to the same effect are not filed with the clerk

of the parliaments within thirty days of the commencement of the next ensuing session of parliament, such resolution shall come into force on the expiration of such thirty days. If such petition and draft bill are so filed within such thirty days, the operation of such resolution shall be suspended in accordance with the provisions of subsection (2)."

4. Page 2, lines 11 to 21 inclusive. Strike out clause 3 and substitute the following:

"3. The Senate shall, before adopting a resolution for the dissolution or annulment of a marriage, refer the petition therefor to an officer of the Senate to be designated by the Speaker of the Senate, to hear evidence and make his report thereon to the Senate standing committee on divorce but such officer shall not recommend that a marriage be dissolved or annulled except on a ground on which a marriage could be dissolved or annulled, as the case may be, under the laws of England as they existed on the 15th day of July, 1870, or under the Marriage and Divorce Act, chap. 176 of the revised statutes of Canada, 1952."

Hon. J. W. Pickersgill (Secretary of State): Mr. Speaker, so that this matter could be considered if the house so wished later today, and if there was general agreement that this could be done, I would move, seconded by Mr. Walker:

That the amendments made by the Senate to Bill No. C-193, an act authorizing the Senate of Canada to dissolve or annul marriages, be placed on the order paper for consideration later this day.

Right Hon. J. G. Diefenbaker (Leader of the Opposition): Mr. Speaker, it is very difficult to follow these amendments which have been made by the Senate, and it occurs to me that it would be a good idea if arrangements could be made to distribute to members of the house the bill as it was with the amendments typed thereon, so that we can at least make an attempt to understand the changes.

Mr. Pickersgill: Mr. Speaker, before you put the motion may I say that I think the request of the right hon. gentleman is most reasonable. It would be impossible to follow the amendments from hearing them read. I was given a copy of them which appears to have been mimeographed. It looks to me as though there are some copies at the table, and I hope that before we reach the point when we would consider this matter, if we do, that the right hon. gentleman's suggestion can be complied with.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, I understand that the motion is simply that the matter be placed on the order paper for consideration later this day, if there is general agreement. I think we all know what "general agreement" means in this case.

Mr. Pickersgill: That is perfectly correct.

Mr. Deputy Speaker: Is it the pleasure of the house to adopt the said motion?

[Mr. Speaker.]

Some hon. Members: Agreed.

Motion agreed to.

LIBRARY OF PARLIAMENT

CONCURRENCE IN REPORT OF JOINT COMMITTEE

Hon. J. W. Pickersgill (Secretary of State): Mr. Speaker, if I might crave the indulgence of the house, there was tabled in the house yesterday a report of the joint committee on the library of parliament having to do with the positions of certain members of the staff. All the other members of the staff, or practically all of them, I think have been dealt with, and I wonder whether I could make a motion to ask the house to concur in this report?

(Translation):

Mr. Speaker, I move, seconded by Mr. Deschatelets, that the report of the joint committee on the parliamentary library, submitted to the house on Thursday, August 1, 1963, be concurred in.

Motion agreed to.

(Text):

SUPPLY

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

INTERIM SUPPLY

Mr. Pickersgill (for the Minister of Finance) moved:

Resolved, that a sum not exceeding $724,687,939.03, being the aggregate of—

(a) two-twelfths of the total of the amounts of the items set forth in the main estimates for the fiscal year ending March 31st, 1964, laid before the House of Commons at the present session of parliament, $641,050,276.00;

(b) an additional five-twelfths of the amount of external affairs item 107, $208,333.34;

(c) an additional two-twelfths of the amounts of atomic energy item 5, public works item 20 and loans, investments and advances item L65 of the said estimates, $1,468,333.34;

(d) an additional one-twelfth of the amounts of external affairs item 78, legislation items 40 and 45, mines and technical surveys items 30, 35, 40, 50, 70, 80, 100, 105, 130 and 140, northern affairs and national resources items 25, 30, 45, 50, 100 and 105, public works item 180, transport item 50 of the said estimates, $6,058,666.67;

(e) two-twelfths of the total of the amounts of the items set forth in the supplementary estimates (A), for the fiscal year ending March 31st, 1964, (except external affairs vote 96a and loans vote L63a), laid before the House of Commons at the present session of parliament, $50,605,805.50;

(f) an additional five-twelfths of the amount of finance item 5a, $415,833.34;

(g) an additional two-twelfths of the amount of finance item 70a and loans, investments and advances item L65a, $11,380,690.84;

(h) six-twelfths of the amount of the item set forth in the supplementary estimates (B), for the fiscal year ending March 31, 1964, laid before the House of Commons at the present session of parliament, $3,500,000;

(i) six-twelfths of the amount of the item set forth in the supplementary estimates (C), for the fiscal year ending March 31st, 1964, laid before the House of Commons at the present session of parliament, $10,000,000;

be granted to Her Majesty on account of the fiscal year ending March 31st, 1964.

The Chairman: Shall the resolution carry?

Mr. Churchill: Has the minister a statement to make in explanation?

Mr. Pickersgill: I might say that after consultation with hon. gentlemen opposite the government came to the conclusion that we should not ask for more than 60 days supply, which would take us up to September 30. That is what in principle the resolution covers; that is to say, two twelfths of the annual supply. As hon. members know, particularly those of long experience and hon. gentlemen who formerly sat on the treasury benches, there are certain items about which at this time of year more than the ordinary two twelfths is expended. That explains the difference in the other items apart from the normal one. I shall be glad, with the assistance of one or two of my colleagues, to explain any item I am capable of explaining beyond that; but I think in principle that is the explanation. I might say there is no case where the full amount of an item is being requested.

Mr. Churchill: That statement expressed in other terms is what a Minister of Finance normally says on estimates of this nature to protect our rights in the future.

Mr. Pickersgill: There is a form of words usually set down in the bill. I have not had this experience before, but I was instructed by those more experienced than I to say it when the bill comes on. But the hon. gentleman is perfectly right. There is no thought whatever that in granting the supply the committee would be asked in any way to forgo the fullest right to examine every dollar of the proposed expenditure for the whole of the fiscal year.

(Translation):

Mr. Gregoire: Mr. Chairman, I understand that during a debate on interim supply, one may deal with a few points of general interest. This evening, I will, during a few minutes, touch upon two special points which I should like to draw to the attention of the government. However, before doing so, I would like to mention that we, on this side of the house, have noted for some time that we did not altogether preach in the wilderness and that the ideas we have been advocating are finding acceptance. For example, last year the government endorsed the idea of setting up a system of debt free money and this afternoon, to a question asked by the hon. member for Cariboo (Mr. Leboe), the Minister of Trade and Commerce (Mr. Sharp) replied that it was possible to borrow money from the Bank of Canada. And during further explanations, the minister of commerce mentioned that small amounts would be easier to borrow. Already we find that the government is seeing the light and has decided to enlarge its field of vision and to show interest in new theories. The very fact mentioned this afternoon by the Minister of Trade and Commerce that it would be possible to borrow from the Bank of Canada, indicates a great progress in that direction. He mentioned this afternoon, that the $400 million which are being provided were perhaps too large an amount. But he implied that with smaller amounts this government might consider allowing this procedure.

Mr. Chairman, I submit that this is a good beginning, one likely to encourage us in future to advocate new theories which, we hope, will greatly benefit the citizens of this country.

Mr. Chairman, there are two points on which I want to call this government's attention. The first is that hon. members from the district of Saguenay-Lake St. John, which comprises four ridings, that is, Chicoutimi, Lapointe, Lake St. John and Roberval, have received a number of resolutions from municipal boards, social clubs, chambers of commerce and the St. Jean Baptiste society, to the effect that we, the four members who represent that district in this house, should vigorously oppose the stockpiling of nuclear arms at the Bagotville air base. There is a military base at that point and there has been talk of stockpiling nuclear weapons in that area to equip Voodoo type planes.

I would point out to this government that there are Starfighters stationed in France. Lately, the Minister of National Defence (Mr. Hellyer) stated that those Starfighters would remain in France, even if they were not equipped with nuclear arms, because the French government does not want such nuclear arms, over which it would have no control, stockpiled on its territory. If it was felt that Starfighters would be useful if armed with conventional weapons instead of nuclear weapons, and are being left in France so armed with conventional weapons when they were supposed to be designed only for nuclear warheads, the Voodoos are

in exactly the same position. Those aircraft are in a country whose peace-loving people are not afraid to protect their country when the time comes to do so. In fact, the Saguenay people proved it, and for that matter, so did people from all parts of Canada who do not see the necessity of stockpiling nuclear weapons.

That is why we, the four members for that district, because of representations received from municipal councils and social organizations of that area, are against any storage of nuclear weapons at the Bagotville military airport.

I hope that this request will be duly considered and that before any action is taken, our claims will be looked into and we shall be allowed to discuss the problem with authorities concerned.

Mr. Chairman, the second point I should like to raise has to do with a case which gives an idea of the atmosphere which exists within certain crown corporations. Since the Minister of Transport (Mr. McIlraith) and his parliamentary secretary (Mr. Cantin) are both in the house at this moment, I hope they will take under advisement the case I am going to refer to and that they will take the necessary steps with the C.N.R. to improve the atmosphere which prevails within that crown corporation.

In 1941, a certain Mr. Thomas Tremblay, of Jonquière, was employed as supervisory foreman in that community, a position he held for 13 years, that is until 1954. Now, when it was learned that he would be retiring in eight months, he was relieved of his job as supervisory foreman and assigned to duties as a plain workman. Accordingly, he did not get as large a pension as he would have received as supervisory foreman, the position he held during 13 years.

I wrote several letters about this matter. I must admit that I got polite replies, in French at that, from the president of the C.N.R. In fact, when I saw that he was answering me in French, I wanted to be just as polite and I wrote to him in English. We exchanged letters that way for a while and I feel that this is one way in which we can foster true bilingualism in Canada.

In any case, even though the answers were polite, they were always indefinite, for they resorted to arguments which were mostly unconvincing and even rather unpleasant.

As a matter of fact, it is an unusual situation for an employee who has worked 35 years for the C.N.R., during which he was foreman-supervisor for 13 years, to find himself in a lower position thus receiving a lower pension and, worst of all, eight months only before his retirement.

Mr. Thomas Tremblay, of Jonquière, has attempted in vain to have his case revised before 1955. I must say that ten letters at least have been exchanged with C.N.R. authorities but that nothing has been done to settle the matter.

Mr. Chairman, while we are studying interim supply, I take this opportunity to submit this case to the house, and I hope that the Minister of Transport will take it into consideration, for I feel that there is a deliberate policy of discrimination directed against some C.N.R. employees in our district.

Mr. Chairman, that is all I wanted to say. Before resuming my seat, may I wish a happy holiday to all the hon. members. We deserve it, as we had to work like slaves during the last few months and go through two sessions and two election campaigns.

(Text).

Mr. Willoughby: I rise at this point not to discuss the details of this resolution concerning interim supply but to draw the attention of hon. members of this committee to a specific instance of what I consider to be a great moral obligation on the part of our country to a totally disabled member of my constituency. I wish to bring to the attention of the committee a most unfortunate situation which throughout British Columbia has come to be known as the Doctor Nigel Clark case. I am only going to take a few minutes but I should like to outline very briefly to the committee some of the details of this case.

On January 20 of this year this 32 year old medical man of Lillooet, British Columbia, was called by the Royal Canadian Mounted Police. He was advised that a young lad lay injured on the side of a mountain. He responded immediately and was conveyed to the scene of the accident by the R.C.M.P. Unfortunately, after attending the injured lad the doctor himself slipped on the ice, fell 150 feet into a canyon and fractured his neck. He is now totally paralysed from the neck down.

As a married man with five children he is financially destitute. There have been voluntary donations by the medical men of British Columbia but he has now come to the end of

those donations and it is expected that he will be dependant upon social welfare within the next few months. He has been under continuous medical care, of course, since the accident, but at the present time it is obvious that his disability is permanent. There is little hope that he will ever be able to support his family. At the present time he is being considered for several awards for bravery and devotion to duty, but how empty these awards must be to a man of this type who was looking forward to a life of devotion to his medical practice. How inadequate a return this is to one who should be looking forward to the provision of a home and the education of his children.

Medical men with a proper humane attitude will never refuse a call to duty but the experience of this young man as already outlined gives rise to a very serious question. Should members of the medical profession, in taking such dangerous calls at the request of the police, demand the same protection as members of the police forces or members of the armed services who suffer accidents in the course of their duties are granted?

I submit this extraordinary case to the house for what may seem extraordinary humane considerations. I submit it, knowing full well that there is no legal obligation involved in the laws of our country as they now stand. But I submit it should receive every consideration on the basis of a moral claim which I hope will result in the maximum assistance to the one disabled and to his dependants. With all due respect, Mr. Chairman, I suggest that there is a time in our deliberations when we should consider extraordinary situations on the grounds of moral obligations and not necessarily on the basis of legal commitments. If ever a case demanded such consideration, that of Dr. Nigel Clark, who was injured on a call to duty by the Royal Canadian Mounted Police, is outstanding. He should receive not only our sympathy but rather ample provision for financial assistance on a basis at least as ample as that provided for a member of the R.C.M.P.

I submit this case for urgent consideration at this time of interim supply and I ask the government to treat it as a moral obligation. I know that everyone in the house will agree that the case of Dr. Nigel Clark merits the most favourable and realistic assistance. I do ask that some immediate action for his relief be undertaken.

Mr. MacEachen: Mr. Chairman, I wonder whether I could make available to the committee some information—

Mr. Fairweather: If we could hear you it would be better.

Mr. MacEachen: I wonder whether I could take this opportunity to make available to the committee some information in connection with the Technical and Vocational Training Assistance Act.

Mr. Diefenbaker: Mr. Chairman, possibly the minister could wait until the conclusion of this matter because when a matter is being discussed it should be concluded. I should like to say a word with regard to the representation made by the hon. member for Kamloops.

Mr. Knowles: Mr. Chairman, this is not the kind of motion where we have to stay with a subject, but if the Leader of the Opposition would like to follow the hon. member for Kamloops I would be happy to yield to him.

Mr. Diefenbaker: Mr. Chairman, the presentation that has been made by the hon. member for Kamloops is one that touches the heartstrings of all of us. The statement he made, objective, unadorned and without emotion, made an appeal to all members of the house. Indeed, in the years I have been here I have not heard a similar reaction on the part of hon. members as was evident a moment ago. I hope that the Minister of Justice will give earnest consideration to these representations. The hon. member has pointed out that there is no legal obligation, but there is something greater than that. When a member of the medical profession answers the call of duty and endangers not only his own life but also the happiness of his family a case is made out for an *ex gratia* payment. I am not going to say any more at this time, but this is an appealing case.

Mr. Chevrier: Mr. Chairman, I am grateful to the hon. member for Kamloops for having raised this matter, with which I am sorry to say I am not familiar. It may well be that the hon. member has written to me about it though I must confess I have no recollection of it. I am sure the hon. member and the Leader of the Opposition as well will realize that there are a great many cases concerning not only officials of the Department of Justice but the Royal Canadian Mounted Police that come to my attention from time to time. I listened with interest to the remarks made by the hon. member and I can assure him that as soon as I get back to my office on Monday one of the first things I will do is to bring this question to the attention of the commissioner of the Royal Canadian Mounted Police.

Mr. Willoughby: May I express my thanks to the Minister of Justice. I brought this matter before the committee on the understanding that he was already familiar with it. I have correspondence in my file here in

connection with the case which indicates the matter was referred to his department. I do not say it was referred to the minister specifically but it was dealt with by the R.C.M.P. They expressed their sympathy but said there was no legal obligation in the matter. Naturally, therefore, I brought it to the attention of the house tonight.

Mr. Knowles: Mr. Chairman, I am sure all members of the house will feel that the hon. member for Kamloops has brought to our attention a case that deserves not only our sympathy but positive action along the lines that the member suggested, and I am sure we are all grateful to the Minister of Justice for his assurance that he will give this matter his attention.

I should like to say on behalf of our party that we are prepared to grant to the government the two months interim supply that is being asked for tonight. This is a routine request which has been made with the usual assurance that we will have the fullest opportunity later in the session to discuss the items, portions of which we are voting at this time.

As hon. members are aware, an interim supply debate is one that is rather wide open. We are free to discuss any of the matters towards which we vote money. But it is not my intention to make a wide-ranging speech at this hour of Friday night or at this stage of the session. I should like, rather, to say a few words about the part of the session we have had thus far, and to indicate what I feel is the most disappointing feature of it. I imagine that in the next week or two the newspapers and periodicals of the country will run editorials and feature articles about this session. It will be interesting to see what adjectives they use, and what titles they give to it. There are a number of things that have happened that will, of course, receive their attention as they try to assess the value of what we have done.

I believe the most disappointing aspect of the session that we have had up to this point, these first 56 days, is the failure to get something definite done with regard to the increase in the amount of the old age pension. If there is one thing that was discussed on just about every platform during the election that was held last spring, it was the question of raising the amount of the old age pension, and of providing other ways of increasing old age security generally. All parties were committed to do something in this field. Certainly, the party that won the election was one that had made very strong commitments. I was so aware of that commitment that, in my own case, on election night in my committee rooms I expressed to my followers who were there the belief that whatever other mistakes might be made by the government that was elected that night, we would be able to get out of it in this parliament an early increase in the old age pension.

When we came down and heard the speech from the throne, we were informed of the proposal to introduce the Canada pension plan. After a while we got the resolution on the order paper. We had the newspaper reports of speeches made outside of the house by the Minister of National Health and Welfare. We were assured that in due course we would get not only a new piece of pension legislation known as the Canada pension plan, but an increase of $10 in the pension paid to those who draw pensions under the Old Age Security Act. Despite the fact that there have been these evidences that it is going to happen, it is most disappointing to us in this house, and even more disappointing to those who are affected throughout the country, that the effective date of that increase has been put off until, so far as we can find out, some time in 1964.

The Minister of National Health and Welfare when she was speaking on this subject, said the effective date of the increase would be early in 1964. I was pleased the Prime Minister said to me the other day that the effective date might be earlier than I feared. This is an interesting use of the word "fear". I can only hope that since the Minister of National Health and Welfare said some time early in 1964 and the Prime Minister used the word "earlier", that does at least give some credence to the newspaper reports that we can count on the date of January 1.

However, Mr. Chairman, the old people of Canada do not feel that is good enough. It does seem to me we should have some clear statement from the government before we wind up tonight as to when that $10 increase is to be made effective. A couple of times during this session the Prime Minister said that we could get along with these things if other business were out of the way. I think he realized that was realy a bluff, and a couple of times he realized his bluff was called. Actually, the government has not been prepared to move with this piece of legislation in this part of the session. But it does seem to me now, before we wind up tonight, we should be told what that effective date is going to be.

We have been promised that the resolution on the Canada pension plan, which was started, will be called as early as possible after we come back in September. I see no reason why it should take any length of time at all to get that resolution and that bill through this house. If we get it through in the early part of October, as I am sure we

can, I see no reason why we could not have the assurance that the effective date of this $10 increase would be within a few days or a few weeks at the most after the legislation has been approved. If we could have that kind of assurance, I can assure the government it will have the co-operation of the house in getting the legislation through in the shortest possible time.

The government may contend that there has to be some relationship between the starting date of the $10 increase and the starting date of collections under the contributory feature of the new plan. The government has already indicated the $10 increase to this old age security pension is going to be paid prior to the date when the contributions start. In other words, some means of financing that advance payment is in the mind of the government. If that is the case, we see no reason why that period cannot be extended so that this $10 increase can be made effective much earlier than is in prospect at the present time.

People are interested in the idea that some time before long we will have in this country a pension system that will make it possible for people generally to have $150 or $175 a month as a pension out of the Canada pension plan and old age security. This is going to be possible only for people who retire in 1975. This is not much help to people who are old age pensioners at the present time and are being asked to wait another three or six months before they get this $10 increase. I think that even tonight the Prime Minister should make a definite statement to this house and tell us the earliest possible date at which that increase could be made effective. I am sure all members of all parties in the house would back up my statement that if we could have the assurance that an increase will be made effective at an early date, the government will have the co-operation of the house in getting that legislation through very quickly after we come back. As a matter of fact, if it would assist in getting this pension started at an early date, I can tell the Prime Minister that we in this party would be glad to come back earlier than September 30, the date that has been suggested.

There are other things about this portion of the session to which I might refer. However, I would rather pinpoint my remarks on this one subject. To me, this is the most disappointing feature of these 56 days of this session, that we have not received a definite decision from the government as to when that $10 increase is going to start. We have done some other things that were good. We have done some things about which there will be a lot of discussion. I still think we owe it to the old people of this country to tell them when that increase is going to be effective, and to let them know it will be soon.

(Translation):

Mr. Ricard: Mr. Chairman, the interim supply which we are now considering gives me the opportunity to make a few remarks that I wanted to make a little while ago when the Minister of Trade and Commerce (Mr. Sharp) made his statement concerning the wheat sales to communist China.

We have listened with great interest to the minister's statement and we welcome this piece of news. This sale will not only be advantageous to the farmers of western Canada but will profit as well the eastern farmers. The well-being of both, either of the east or of the west, is closely related. When western farmers are happy, eastern farmers are happy also.

However, in the course of his statement, the minister mentioned, if I remember well, readjustments which are necessary concerning the import of textiles.

Coming as I do from one of the most important centres of the textile industry in the province of Quebec, I cannot help but take this opportunity to say a few words. In fact, it seems to me that my electors would be vexed with me if I did not ask the minister in their name to do everything he can to protect our textile industry.

As the hon. gentleman and his parliamentary secretary, the hon. member for Drummond-Arthabasca (Mr. Pepin) probably know, the textile industry is the backbone of many of our towns and municipalities. As a matter of fact, for a great many towns and villages in my area, the textile industry is the main activity.

Unless the minister, in the dealings with communist China, pays special attention to this very important industry of ours, the result could be more unemployment for employees who spent the major part of their life in that industry.

So, on behalf of employees of the textile industry in St. Hyacinthe and other cities or communities where this industry is the main livelihood of people, I ask the minister to pay special attention to that question, in order to preserve the livelihood of our people. And I am confident, knowing the sincerity of the minister, that he will want to act on my recommendations.

(Text):

Mr. MacEachen: Mr. Chairman, I would like the indulgence of the committee in order to make a brief statement of information to the house with respect to the Technical and Vocational Training Assistance Act.

Hon. members may recall that early in the session I announced certain proposals with respect to vocational training, especially with respect to federal assistance for capital construction. I had hoped it would have been possible to have brought forward the amending legislation at this date. That has not been possible, but certain provinces would find it to their advantage to know what is in the government's mind with respect to this so that they could plan their own programs in connection with capital construction of training facilities. Therefore I thought the committee would permit me to give a very brief indication of what the government has in mind so that I will be able to advise the provinces accordingly.

As hon. members know, the Technical and Vocational Training Assistance Act provides in section 4 for a contribution by the federal government of 50 per cent of capital expenditures incurred by the provinces on training facilities, until the expiry of agreements on March 31, 1967, plus an additional 25 per cent if these capital expenditures were incurred before April 1, 1963.

As hon. gentlemen also know, this program has made a marked contribution to the creation of student places, and under the program 138,000 additional student places have been provided. The government now intends to extend the period during which the additional 25 per cent will be available, and it is to the conditions under which this 25 per cent will be available that I address myself.

The government is proposing that the 25 per cent additional contribution be continued on the following basis: The highest per capita federal contribution approved up to March 31, 1963, is $480, which sets the top standard for the federal contribution on a 75 per cent basis. This happens to be the case for the province of Newfoundland. It is proposed that other provinces be allowed to meet this per capita standard of $480 so that the additional federal contribution of 25 per cent will be continued in each province until the per capita of federal payments in provinces have reached this standard of $480, or until the expiry of the present agreement on March 31, 1967, whichever is sooner.

Once the $480 per capita standard has been reached in a province it will, of course, be eligible for a continuing 50 per cent contribution to capital until the end of the agreement.

I thank hon. members for allowing me to make this statement, which will give me a chance to advise the provinces and tell them in detail the amounts each province may receive under this additional 25 per cent.

Mr. Fisher: Mr. Chairman, we are pleased with this announcement. The criticism that built up over the application of the Technical and Vocational Training Assistance Act was really centred upon the proposition that some of the provinces got an inordinate advantage out of it because their particular programs happened to be geared to a quick expansion.

As the minister and the committee know, the province that felt it got the roughest deal was Quebec, and it was generally felt that Ontario got the maximum advantage out of the offer. Now if the per capita standard of $480 is applied it means there will be an opportunity for the province of Quebec to take advantage of these funds, and I think this is an excellent adaptation to the situation.

The only problem is that if it becomes a continuing pattern—if the original program had been set on a per capita basis—in some ways it would be unfair, just as I think university grants are unfair in that they tend to go to those who already have. When you determine things on a per capita basis it means there is not any flexibility for expansion or initiative. So, in sum, this seems to be a good corrective and a very welcome announcement.

I would like to ask the minister whether he has had any indication from the province of Quebec that this particular plan of a per capita ceiling is suitable to it, and whether Ontario made any other suggestions. I must apologize to hon. members of the committee who do not come from Ontario and Quebec for asking these questions, but I do know there has been a great deal of discussion on both sides of the question, and I would like to know what the minister has done in terms of consultation or liaison with the two larger provinces.

Hon. members might be interested in knowing that in the two ridings of Port Arthur and Fort William a total of six schools have been built, with a contribution in the neighbourhood of $4½ million or $5 million from the federal treasury. Therefore we are very appreciative of the program, and would like to know what the provincial authorities feel about the proposition put forward by the minister.

One thing we did not hear from the minister was any indication regarding possible amendments to the act, regarding the contribution the federal government will make in terms of the upkeep of the program, and

the support it may give for any special programs for older people or unemployed workers, carried on in the facilities created by this act. I would like to ask the minister whether the government has anything in mind in that regard, or whether it intends to carry along with the policies that are in existence at the present time.

Mr. Valade: Mr. Chairman, I would like to ask the minister a question for clarification. It is on the same line. According to what the minister just said, this amendment will bring a new scope to the bill, and I wonder whether it takes into consideration the fact that the province of Quebec might not recuperate the difference in the amount which Ontario has received under this scheme and which Quebec has declared she has not been able to receive. I think the minister understands my question. I think this was the complaint that may have caused the minister to discuss this new arrangement. I would like him to tell me what the discussions were and give his comments on this question.

Mr. MacEachen: Mr. Chairman, in reply to the question of my hon. friend I would say that one of the purposes of this proposal that will be brought before the house later in the form of a resolution and then a bill is to make it possible, for example, for some provinces, including Quebec, to participate more fully in this program. The response among the provinces has been uneven and the purpose of this new formula is to make possible a more equitable participation. I talked about the per capita contribution. I should make it clear to members of the committee that I am talking about the federal contribution per capita in the age group 15 to 19; the average federal contribution per capita for Canada in this group up to date has been $225, while in Quebec it has been $51 and in Ontario $458.

By taking the highest province, which is Newfoundland, and bringing all other provinces up to that level it will allow every province to more or less share equitably in the program. Mind you, once this level of $480 is reached, the provinces will continue to receive the 50 per cent contribution. This only applies to the additional 25 per cent. I understand that the province of Quebec will accept this particular proposal. I cannot inform my hon. friend from Port Arthur definitely as to the attitude of the province of Ontario, but I will say that even under this proposal the province of Ontario stands to gain a further sum under the 75 per cent arrangement.

Mr. Smith: Mr. Chairman, could the minister tell us how many people there are of that age group in Ontario? I wonder whether the minister has those figures. It seems to me that on a rough calculation it would mean $22 additional per student, if I have subtracted $458 from 480 correctly. How many students or persons are there in Ontario in the age group 15 to 19 that the minister mentioned? Does he have that figure, or could he get it for us?

Mr. MacEachen: I am sorry, Mr. Chairman, but I do not have that figure. However, I can assure my hon. friend that when this proposal comes before the house for definite action I will be able to give him all this information.

Mr. Smith: Am I right in assuming that it is an additional $22 per student in Ontario within that age group, however many there are?

Mr. MacEachen: Yes, Mr. Chairman, I think this is correct.

Mr. Fisher: Mr. Chairman, I want to ask another question on this matter. What adjustment will be made as this program goes along for the fact that the per capita figure will be changing as we get the flood into the 15-19 age group? Is there any allowance made for that, or is the per capita formula based upon the number of students right at the present day.

Mr. MacEachen: My hon. friend has raised an interesting point. The per capita proposal is based on the 1961 census. It was not expected that we would make any adjustment to take into account this particular aspect, but I think it is something that is worth considering.

Mr. Fisher: What proposals have been put before the minister in terms of the continuing contribution of the federal government toward the upkeep of the vocational assistance program? Is there anything there at all?

Mr. MacEachen: No, Mr. Chairman, this particular amendment is confined to capital construction assistance. In the resolution that is on the order paper my hon. friend will notice there is an additional federal contribution of training allowances for unemployed persons from 75 per cent to 90 per cent. Also the federal contribution will increase from 50 per cent to 75 per cent with regard to training costs in industry for employed persons. So there will be, in addition to this capital cost provision, additional federal assistance for training programs for the unemployed and the employed in industry.

Mr. Smith: Mr. Chairman, could the minister say whether any consideration has been

given to this question. For example, if a province is able to keep more of its young people of that particular age group in school, will any consideration be given to that province? It might be that we could build schools and people would not attend them. Will there be any adjustment made there?

Mr. MacEachen: These programs normally will be presented as I understand the matter, by provincial governments. They will naturally —or one would expect this to be so—bring forward training facility construction programs in accordance with the need that is felt for training places in each province.

Mr. Smith: The capital contribution is mechanical in the sense that it relates only to census figures?

Mr. MacLean (Queens): Mr. Chairman, could the minister say what the new ceiling will be for the total federal contribution on the 75 per cent basis, supposing every province should come up to the Newfoundland standard?

Mr. MacEachen: Mr. Chairman, if the hon. gentleman will accept an estimate—

Mr. MacLean (Queens): Yes.

Mr. MacEachen: —subject to confirmation later, I think the additional federal contribution arising from the 25 per cent solely will be, up to the $480 per capita, in the amount of $122 million.

Mr. Valade: Mr. Chairman, I would like the minister to be a little more specific on this question. The present scheme is for four years, if I understand it correctly, from April 1 this year to April 1, 1967, or to the maximum of $480, whichever comes first. My point was this: how will Quebec, which has complained that they did not receive their fair share of the money allowed for such a program, recuperate the difference of money she has claimed she did not receive from the federal government?

Mr. MacEachen: The province of Quebec will bring forward its program. The federal government will participate in such a construction program until 1967 up to the $480 contribution per capita, and the province of Quebec will have this additional period of several years to share in the program. I am confident that this period of time will permit the province to participate in this program to the fullest possible extent.

Mr. Nasserden: Mr. Chairman, I wonder whether the minister has a breakdown of what can be picked up by each of the provinces under the extension that is now being offered to them.

[Mr. Smith.]

Mr. MacEachen: I have an estimate. I did not expect I would get into so many details tonight but I would be glad to give an estimate of the maximum additional contribution based on the $480 per capita level and arising from the additional incentive contribution of 25 per cent. It is as follows. Newfoundland is the best off province in this case and will not be eligible for the 23 per cent in the future. I am glad to see Newfoundland in that category. Prince Edward Island, $733,000; Nova Scotia, $7,890,000; New Brunswick, $6,972,000; Quebec, $66,935,000; Ontario, $3,262,000; Manitoba, $9,694,000; Saskatchewan, $8,926,000; Alberta, $3,855,000; British Columbia, $13,511,000.

Mr. Pickersgill: Mr. Chairman, I wonder if I might say a word. The hon. gentleman has a resolution on the order paper. This particular matter is not covered by interim supply at all; the Minister of Labour just took advantage of this to give the house some information so that he could give it to the provinces without being in contempt of the house. If we could pass interim supply I would be delighted to call the resolution, since there is so much interest in the matter, and see if we could pass that tonight too.

Mr. Fisher: Mr. Chairman, I am spurred by this announcement and the fact that the Prime Minister is in the house to ask him a couple of questions about some of the cornerstones of Liberal party policy as it affects education. I should like to ask the Prime Minister whether he could let us know now what are the government's intentions in three specific educational areas.

The first one is the demands and requests of the Canada Council for assistance, particularly in postgraduate work so that we can have an adequate supply of university people. I understand from reading their report that there is a real urgency about this. The second matter is in the field of the $100,000 scholarships. What is coming along there? The third area is an area represented by the presentation made to the Prime Minister about a month and a half ago by university officials, I think through the national conference or association of universities, asking for an immediate projection of the kind of assistance that the federal government will be prepared to give. I remember the argument tended to be toward the kind of plan that the British universities have through the university grants committee, where they have some kind of five year basis to work on and so enable planning to be done to meet some of the growth problems they have. Since we have had one announcement relating to education I think we would appreciate knowing what the Prime Minister has

in mind in these three areas, in each of which, according to the proponents of the particular area, there is real urgency.

Mr. Pearson: I have been in touch with representatives of the universities in respect of two of the three matters mentioned by the hon. member. The cabinet has given preliminary consideration to the requests which have been made for additional financial assistance in the field mentioned, and the government has appointed the former deputy minister of finance as special adviser on federal aid to education. He has been going into these programs and reporting to us as to what can be done. We are being pressed, as my hon. friend may know, by the universities association, through Mr. Andrews, to give them some indication of our policy as quickly as possible so that they can plan ahead. All I can say at the moment is that these matters have been considered but no decision has yet been reached as to what we can do. This is one of the matters which, when the session ends, we will have to take into more active consideration than we have been able to do in the past two or three weeks, because we are very much aware of the importance of the problem.

So far as the scholarship program is concerned, that is still part of our policy. It is a commitment which we accept. I recall in the last discussion I had with the representatives of the universities that one or two of them mentioned that they would be a little worried about an influx of federal scholarships at the moment into the universities, when they have difficulty in the matter of accommodation, both in respect of facilities and teaching, with regard to the students they have now. They seem to put first priority for assistance on construction, and assistance in fields other than federal scholarships. But this is part of our program which we intend to carry out.

I am afraid I cannot say anything more than that at present, but I hope that in the autumn when we reassemble we will have some definite information to convey to the house.

Mr. Fisher: The Prime Minister did not tell us anything about the Canada Council and its needs, particularly in the area where the $50 million is proving very inadequate.

Mr. Pearson: I am sorry that I did not mention that specifically, but it is one of the matters on which I cannot give definite information to the committee at the present time. I have talked to the Canada Council about it. I have a memorandum from them and the matter is being considered by ourselves and Mr. Taylor at the present time; but we have not come to any decision on that matter yet.

Mr. Nasserden: There is one matter I should like to mention tonight concerning the grain situation in western Canada. You will recall, Mr. Chairman, that during the election campaign reference was made to an alternative to acreage payments, the payment of $3 per bushel on the first 300 bushels of wheat. As the Prime Minister knows, we on this side of the house stood by the policy we had put into effect during the years we were in office. In view of the congestion problems which are developing in western Canada, the shortage of cash which is likely to plague the farming communities in western Canada, and also in view of the fact that this government has shown that it can change its mind, and has done so on numerous occasions during the present session of parliament, I should like to ask the Prime Minister whether, if there are difficulties over the payment of the $3 per bushel for the first 300 bushels of wheat, he will give consideration to action taken by the former government by way of acreage payments and try to fulfil that commitment made by the former government. I know that the Prime Minister must know that the problem of cash in western Canada will be a great one this coming winter. I also know that he is a man who cares, and I hope he will give consideration to this particular problem.

Mr. Pearson: Mr. Chairman, during the recess we will be glad to give consideration to all aspects of agricultural problems, including the one mentioned by the hon. member, and which is sometimes misreported as $3 wheat.

The Chairman: Shall the resolution carry?

Some hon. Members: Carried.

Motion agreed to.

Resolution reported and concurred in.

WAYS AND MEANS

The house again in committee of ways and means, Mr. Lamoureux in the chair.

INTERIM SUPPLY

Mr. Pickersgill (for the Minister of Finance) moved:

Resolved, that toward making good the supply granted to Her Majesty on account of certain expenses of the public service for the fiscal year ending March 31, 1964, the sum of $724,687,939.03 be granted out of the consolidated revenue fund of Canada as set forth in the resolution concurred in this day in the committee of supply.

Motion agreed to.

Resolution reported and concurred in.

Atlantic Development Board Act

Mr. Sharp (for the Minister of Finance) thereupon moved for leave to introduce Bill No. C-94, for granting to Her Majesty certain sums of money for the public service for the financial year ending the 31st March, 1964.

Motion agreed to and bill read the first time.

Mr. Deputy Speaker: When shall this bill be read the second time? Now?

Mr. Knowles: By leave.

Mr. Pickersgill (for the Minister of Finance) moved that the bill be read the second time.

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

On clause 1—*Short title.*

Mr. Pickersgill: Before clause 1 carries, I feel I should, on behalf of the government, give the customary assurance in the customary words. The proportions requested in this bill are intended to provide for all necessary requirements of the public service up to September 30, 1963. In no instance is the total amount of an item being released by this bill. The form of this bill is the usual one for interim supply bills. The passing of this bill will not prejudice the rights and privileges of members to criticize any item in the estimates when it comes up in committee of supply, and the usual undertaking is hereby given that such rights and privileges will be respected and will not be curtailed or restricted in any way as a result of the passing of this measure.

Clause agreed to.

Clauses 2 to 4 inclusive agreed to.

Schedules agreed to.

Preamble agreed to.

Title agreed to.

Bill reported and read the third time and passed.

ATLANTIC DEVELOPMENT BOARD ACT

ANNOUNCEMENT OF NEW APPOINTMENTS TO BOARD

Hon. J. W. Pickersgill (Secretary of State): Before we go on to the private members' business which was agreed on earlier I wonder if I might be allowed to revert to motions in order to make a brief statement to the house.

Mr. Deputy Speaker: Is that agreeable?

Some hon. Members: Agreed.

[Mr. Pickersgill.]

Mr. Pickersgill: I wish to announce the names of the six new members of the Atlantic development board, whose appointments were approved today by His Excellency the Governor General.

Hon. members will recall that parliament approved these new appointments recently when it passed amendments to the Atlantic Development Board Act, one of these amendments being designed to increase the number of members on the board from five to eleven.

The new chairman of the board is Ian Malcolm MacKeigan, Q.C. of Halifax, Nova Scotia. Mr. MacKeigan has had a distinguished career at the bar of Nova Scotia since he was admitted in 1939 and during the war and afterwards he held high offices in the service of this government here in Ottawa. He is presently a vice president of the Canadian Bar Association for Nova Scotia and is also extremely active in community organizations. Mr. MacKeigan's term on the board will expire on January 23, 1966.

The two other members whose terms will also expire on that day are Robert C. Eddy of Bathurst, New Brunswick, and Albert Martin of Corner Brook, Newfoundland.

Mr. Eddy served overseas during the second world war with the Canadian army, was wounded in action and was awarded the military cross. After the war he served on the staff at Queen's University in Kingston, Ontario, and since 1946 he has been employed by the George Eddy Company Limited in Bathurst, New Brunswick. He is a director of his company and several other firms in Bathurst. He is the chairman of the board of school trustees in Bathurst and a member of the board of governors of the Atlantic provinces economic council.

Mr. Albert Martin is president and general manager of the Bowater's Newfoundland Pulp and Paper Mills, Limited, and is also president of the Mersey Paper Company, Limited, in Liverpool, Nova Scotia. In the first world war he served overseas with the royal Newfoundland regiment, having joined the regiment when he was 15 years of age. Since 1923 he has been employed steadily by the Bowater's organization and by its predecessor companies and he served in various positions with the company before his appointment as president in 1962.

Three other members of the board have been appointed for terms of two years which will expire on January 23, 1965. They are Carl F. Burke of Charlottetown, Prince Edward Island, Captain Maxwell Burry of Glovertown, Newfoundland and Stephen A. Dolhanty of Florence in Cape Breton, Nova Scotia.

Mr. Burke is a former president of the maritime provinces board of trade and has since 1941 been managing director of the Maritime Central Airways, one of the most successful air lines of its sort in the world.

Captain Maxwell Burry of Glovertown, Newfoundland, is one of the most successful fishermen in Newfoundland. He first went to Labrador when he was 11 years old aboard his father's fishing schooner. Seven years later, when he was 18 years old, he was master of his own ship. In recent years Captain Burry's interest has again been centered on the Labrador fisheries and he is given a large share of the credit for reviving this important fishery within the past two or three years.

Mr. Dolhanty is presently vice president of district 26 of the United Mine Workers of America, an office he has held since 1950. He has worked in the coal mines in North Sydney since 1923 and has held various offices in his union over the years since then. He has been active also in the co-operative movement.

Brigadier Michael Wardell of Fredericton, New Brunswick, who has served as chairman of the board since its inception on January 24 of this year, will continue to be a member of the board until his term expires on January 24, 1965. He will be eligible for reappointment for a three year term.

The other members of the present board, Mr. Frank Sobey of Stellarton, Nova Scotia, Mr. Melvin McQuaid of Souris, Prince Edward Island, Mr. Fred Ayre of St. John's, Newfoundland and Mr. Donat LaLande of Moncton, New Brunswick, will serve on the board until January 24, 1964, and they too are eligible for reappointment.

Succeeding appointments to the board will be for terms of three years, the initial appointments having been made, as the act provides, for varying periods of time so that the membership of the board will not change completely in any one year.

I am very happy, Mr. Speaker, to be able to announce these appointments. The new members, I am sure, will bring to the board great ability and a wide diversity of experience in many facets of the economic and social life of the four Atlantic provinces. I am very grateful to the new members and to the old for their agreement to serve on this board and I am grateful too that the board will not lose the valuable services of the original members.

I may say, sir, that I have arranged to have a meeting of the board in Halifax on Tuesday at which I hope to be present myself. I would envisage a short open session before the board goes on with its business session, and I am quite confident that any members from the Atlantic provinces who would wish to be there for the first part of the session and could find it convenient to be in Halifax would be most welcome.

Mr. Bell: Mr. Speaker, I wonder whether I might ask the minister a question, and in asking it I do not want to be misunderstood because I think the appointments are good ones. Is the minister aware that there does not seem to be a representative from the greater Saint John area in spite of the fact that southern New Brunswick is recognized by everybody to be the industrial centre of the Atlantic provinces?

Mr. Pickersgill: The hon. member is quite right and it is quite a serious omission. Perhaps it will be considered by some hon. gentlemen in that corner of the house to justify their view that there should have been 15 members on the board instead of 11. But a real effort was made to take account of geographical as well as other considerations. I am sorry to say that not every occupational group is represented.

Mr. Crouse: Agriculture?

Mr. Pickersgill: There are several members of the board with experience in agriculture, including Mr. Burke. I admit he has spent quite a lot of his time in the air in recent years, but he told me the other day he spent the first 21 years of his life on a farm outside Charlottetown and he has never been very far from the farm since. I would imagine that Mr. McQuaid also has some knowledge of agriculture. Of course, Prince Edward Island is, I suppose, the paramount agricultural part of the Atlantic provinces, though I see the hon. member for Digby-Annapolis-Kings (Mr. Nowlan) shaking his head.

Mr. Nowlan: Go easy. I do not want to have to make a speech.

Mr. Pickersgill: Well, Prince Edward Island is a little larger than the valley.

COMMITTEES OF THE HOUSE

Tenth report of standing committee on miscellaneous private bills—Mr. Wahn.

Eighth report of standing committee on banking and commerce—Mr. Asselin (Notre Dame de Grace).

PRIVATE BILLS

Mr. Edmund Asselin (Notre Dame de Grace): Mr. Speaker, if we are still on motions, by unanimous consent I move seconded by Mr. Moreau:

That Bills S-33 and S-34, reported this day by the standing committee on banking and commerce, be placed on the order paper for consideration in committee of the whole later this day.

Motion agreed to.

Private Bills

Mr. Ian Grant Wahn (St. Paul's): Mr. Speaker pursuant to standing order 75, by unanimous consent I move, seconded by Mr. Moreau:

That Bills SD-252 to SD-356, both inclusive, reported this day by the standing committee on miscellaneous private bills, be placed on the order paper for consideration by the committee of the whole later this day immediately after order No. 1 on private bills.

Motion agreed to.

GOOD NEWS BROADCASTING ASSOCIATION OF CANADA

On the order:

Private bills—Consideration of Bill S-15, an act to incorporate the Good News Broadcasting Association of Canada.—Mr. Enns.

Mr. Pickersgill: Mr. Speaker, I believe the understanding that was reached at four o'clock was that the first bills that would be taken would be the divorce bills to be followed by any other private bills to which the house was willing to agree.

Order stands.

DIVORCE BILLS

The house in committee on Bills Nos. SD-252 to SD-356 inclusive, Mr. Lamoureux in the chair.

On clauses 1—*Marriage dissolved.*

Mr. Peters: Mr. Chairman, as these bills were not before us the other day and because of the fact they have been before parliament on previous occasions, can the chairman of the standing committee assure us that the committee has checked to see whether there are affidavits of the current session indicating that these parties still want to proceed with the divorce actions? Also, could he inform the house whether or not notices have been sent informing these people that if they wish to contest these cases they may do so?

Mr. Wahn: Mr. Chairman, we received the usual report from the other place that the usual affidavits have been received, that these bills we are now dealing with are completely regular, that the petitioners wish to proceed and that there has been no change since they were originally considered in the other place. The committee considered these bills this afternoon and considered the bills to be completely in order.

Mr. Peters: We are not objecting to them, but I believe there will be other bills. It is very important that when we are finally disposing of these bills we do not make any mistake by divorcing someone who does not wish to be divorced or someone who is dead or something of that nature. The committee might feel that this could not possibly happen, but it can. Without this assurance from the committee we are taking a great deal for granted. I only hope that parliament will have the power to remedy any mistake that is made in this regard. It really would not matter to someone who was deceased, but if someone intended to contest a divorce and notice had not been given, I think we might run into some difficulty.

Clauses agreed to.

Preambles agreed to.

Titles agreed to.

Bills reported, and read the third time and passed.

CONSIDERED IN COMMITTEE—THIRD READINGS

Bill No. S-26, respecting Co-operative Fire and Casualty Company—Mr. Granger.

Bill No. S-35, respecting the Crown Life Insurance Company—Mr. Addison.

Bill No. S-30, respecting the Monarch Life Assurance Company—Mrs. Konantz.

Bill No. S-31, respecting The Canadian Manufacturers' Association—Mr. Wahn.

Bill No. S-33, respecting The Canada Accident and Fire Assurance Company—Mr. Asselin (Notre Dame de Grace).

Bill No. S-34, respecting The National Life Assurance Company of Canada—Mr. Asselin (Notre Dame de Grace).

DIVORCE

AUTHORIZATION FOR SENATE TO DISSOLVE OR ANNUL MARRIAGES—CONCURRENCE IN SENATE AMENDMENTS

Hon. J. W. Pickersgill (Secretary of State): Mr. Speaker, I am informed that Bill No. C-93 has been returned from the other place with certain amendments proposed from that place, which Your Honour communicated to us earlier this evening. It was no part of the agreement reached at four o'clock this afternoon that we should consider this matter, and therefore I feel I should ask whether the house is prepared at this time to consider the amendments proposed by the Senate.

Mr. Deputy Speaker: Is it agreed?

Mr. Eric A. Winkler (Grey-Bruce): Mr. Speaker, on the basis of the consultation that has taken place I would suggest that we proceed with the bill as it has been sent back amended to the house.

Mr. Deputy Speaker: Is that agreed?

Some hon. Members: Agreed.

Mr. Eric A. Winkler (Grey-Bruce) moved the second reading of and concurrence in amendments made by the Senate to Bill No. C-93, authorizing the Senate of Canada to dissolve or annul marriages.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, I suggest we hesitate a moment. I think there are consultations that might lead to an acceptable consequential amendment.

Mr. Arnold Peters (Timiskaming): Mr. Speaker, the five amendments made in the other place this afternoon are ones with which we are pleased to agree, with one change. The change would be in the fourth recommendation, on page 2, line 11, and I move, seconded by Mr. Knowles:

Page 2 lines 11 to 21 inclusive. Strike out clause 3 and substitute the following:

3. The Senate shall adopt a resolution for the dissolution or annulment of a marriage only upon referring the petition therefor to an officer of the Senate, designated by the Speaker of the Senate, who shall hear evidence, and report thereon, but such officer shall not recommend that a marriage be dissolved or annulled except on a ground on which a marriage could be dissolved or annulled, as the case may be, under the laws of England as they existed on the 15th day of July, 1870, or under the Marriage and Divorce Act, chapter 176 of the Revised Statutes of Canada, 1952.

Hon. J. W. Pickersgill (Secretary of State): Mr. Speaker, I am given to understand that the amendment proposed by the hon. member for Timiskaming (Mr. Peters) would probably be acceptable in another place. It seems to me, and such advice as I have been able to receive suggests that it is an improvement on the amendment suggested by the Senate. Speaking for myself I would hope that the house might see fit to accept the suggestion of the hon. member for amending the Senate amendment and sending it back to Their Honours in the hope that this matter might be finally determined before the royal assent tonight.

Mr. Winkler: I think that the manner in which it has been presented is absolutely correct, and I agree that we proceed in this manner, especially now that we have the assurance by the Secretary of State, who has more influence in another quarter than I do.

Amendment agreed to.

Motion as amended agreed to, amendments read the second time and concurred in.

Mr. Pickersgill: I do not know, sir, whether I would be regarded as a Simon Legree; however, I see the Minister of Labour is not here. I was going to suggest that we take his resolution.

Mr. Churchill: Suspend the sitting.

Business of the House

BUSINESS OF THE HOUSE

SUMMER ADJOURNMENT—MOTION TO RESUME ON SEPTEMBER 30.

Mr. Pickersgill: Mr. Speaker, before we suspend the sitting I would like to make a motion governing the time of adjournment so that it would not have to be done when we come back from the other place. If that is agreeable to the house I move, seconded by Mr. Denis:

That when this house adjourns later today, it stand adjourned until Monday, September 30, 1963 at 2.30 o'clock p.m., provided always that if it appears to the satisfaction of Mr. Speaker after consultation with Her Majesty's government that the public interest requires that the house should meet at an earlier time during the adjournment, Mr. Speaker may give notice that he is so satisfied and thereupon the house shall meet at the time stated in such notice and shall transact its business as if it had been duly adjourned to that time.

This, I may say, is the form of words that has been used on certain other occasions when the house was somewhat apprehensive that there might be a need to meet before the set date of adjournment. I think it is within the knowledge of all hon. members that the statement made yesterday by the Minister of Labour indicated this was a contingency of which the house should take account in taking its adjournment.

Mr. Knowles: Perhaps it should be clear, Mr. Speaker, that we could be called back earlier for any contingency that might satisfy Mr. Speaker, and not just for the one the minister mentioned.

Mr. Pickersgill: Far be it from me, sir, to presume to say what would satisfy Your Honour.

Motion agreed to.

Mr. Speaker: May I suggest, if there is no more business, that we suspend the sitting upon the call of the Chair and the ringing of the bells. But before we do that, in the best tradition of the house may I congratulate all hon. members upon the good work they have been doing for many weeks, the rather difficult problems faced, the hot weather endured, the dehydration suffered; and with the idea of trying to repair some of the damage may I have the pleasure of inviting all members of the House of Commons and of the press to join with me in room 16 just as soon as possible.

At 9.26 p.m. the sitting was suspended.

SITTING RESUMED

The house resumed at 10.15 p.m.

THE ROYAL ASSENT

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

Royal Assent

Ottawa, August 2, 1963

Sir:

I have the honour to inform you that the Honourable Wilfred Judson, Judge of the Supreme Court of Canada, acting as Deputy of His Excellency the Governor General, will proceed to the Senate chamber today at ten o'clock p.m., for the purpose of giving the royal assent to certain bills.

I have the honour to be,
sir,
Your obedient servant,
A. G. Cherrier,
Assistant Secretary to the
Governor General.

A message was delivered by Major C. R. Lamoureux, Gentleman Usher of the Black Rod, as follows:

Mr. Speaker, the Honourable the Deputy Governor General desires the immediate attendance of this honourable house in the chamber of the honourable the Senate.

Accordingly, Mr. Speaker with the house went up to the Senate chamber.

And being returned:

Mr. Speaker informed the house that the Deputy Governor General had been pleased to give, in Her Majesty's name, the royal assent to the following bills:

An act respecting The Sovereign Life Assurance Company of Canada.

An act to amend the Senate and House of Commons Act and the Members of Parliament Retiring Allowances Act.

An act to provide for the establishment of an Economic Council of Canada.

An act to amend the Excise Tax Act.

An act to promote increased employment in Canada by financial assistance by way of loans to municipalities to enable municipalities to augment or accelerate municipal capital works programs.

An act authorizing the Senate of Canada to Dissolve or Annul Marriages.

An act respecting Co-operative Fire and Casualty Company.

An act respecting The Monarch Life Assurance Company.

An act respecting The Crown Life Insurance Company.

An act respecting The Canadian Manufacturers' Association.

An act respecting The National Life Assurance Company of Canada.

An act respecting The Canada Accident and Fire Assurance Company.

An act for the relief of Margaret Catherine Smith.

An act for the relief of Gladys Noreen Monette.

An act for the relief of Joseph Leo Gerard Bougie.

An act for the relief of Nicholas Cimbru Chambers.

An act for the relief of Suzanne Chasse.

An act for the relief of Esther Wertheimer.

An act for the relief of Lygery Varverikos.

An act for the relief of Frank Hamilton Mingie, junior.

An act for the relief of Rosemary Beatrice Clare.

An act for the relief of Marie-Paule Jacqueline Lorette Champagne.

An act for the relief of Klara Brody.

An act for the relief of Bernice Bordensky.

An act for the relief of Jacqueline Belanger.

An act for the relief of Christina Aube.

An act for the relief of Brigitte Dophide.

[Mr. Speaker.]

An act for the relief of Anita Margaret d'Esterre.

An act for the relief of Gladys Jean Desjardins.

An act for the relief of Sylvia Dankner.

An act for the relief of Florence Patricia Da Silva.

An act for the relief of Judith MacBeth Cuggy.

An act for the relief of Giuseppe de Cristoforo.

An act for the relief of Beverley Hayden Crerar.

An act for the relief of Paulyn Leblanc.

An act for the relief of Gabriela Kiwitt.

An act for the relief of Dorothea Margaret Kay.

An act for the relief of Wilma Karls.

An act for the relief of Felix Hollinger.

An act for the relief of Abie Herscovitch, otherwise known as Allan Herscovitch.

An act for the relief of Doris Sibyl Jane Hassell.

An act for the relief of Ezreh Harry Herscovitch.

An act for the relief of Robert Fleischer.

An act for the relief of William Rankin Edmondson.

An act for the relief of Leonard Emond.

An act for the relief of Dorothy Irene Marjorie Adams.

An act for the relief of Zbigniew Stanislaw Janicki.

An act for the relief of Harry Hyman.

An act for the relief of Nadia-Anne Hruszij.

An act for the relief of Christine Johnson.

An act for the relief of Arlene June Kaczur.

An act for the relief of Mary Teresa Hough.

An act for the relief of Bernard Hebert.

An act for the relief of Catherine Harper.

An act for the relief of Wilhelmina Grundy.

An act for the relief of Edith Diane Greenberg.

An act for the relief of Catherine Mildred Gray.

An act for the relief of Nancy Ruth Grabina.

An act for the relief of Lucille Goresky.

An act for the relief of Constance Valerie Laurie.

An act for the relief of Ellen Chase McKellar.

An act for the relief of Angus McIntosh.

An act for the relief of Claude Gerard Montpetit.

An act for the relief of Maureen Carol McAlinden.

An act for the relief of Vera Irene MacKenzie.

An act for the relief of Marguerite Ann MacDonald.

An act for the relief of Sybil Lillian Lupovich.

An act for the relief of Minnie Lichtenstein.

An act for the relief of Jean Bernard L'Heureux.

An act for the relief of Margaret Ada Lewis.

An act for the relief of Violet Pearl St. James Lamoine.

An act for the relief of Mildred Kligman.

An act for the relief of Zelda Barbara Kimberg.

An act for the relief of Margaret Ann Kenwood.

An act for the relief of Madeleine Kallweit.

An act for the relief of Philippe LeBeau.

An act for the relief of Joyce Irene Larocque.

An act for the relief of Elizabeth Anne Kotania.

An act for the relief of Marie Celine Pierrette Lapointe.

An act for the relief of Shirley Sarah James.

An act for the relief of Lena Quelle.

An act for the relief of Charles Harold Page.

An act for the relief of Rosa Jacobson.

An act for the relief of Patricia Ann Marguerite Allaway.

An act for the relief of Marylin Jean Alie.

An act for the relief of Juliana Magdelene Ashley.

An act for the relief of Alphonse Audet.

An act for the relief of Denise Bachelder.

An act for the relief of Alma Ivy Bankley.

An act for the relief of Edouard Joseph Armand Baril.

An act for the relief of Therese Beaulieu.

An act for the relief of Jeannie Belchik.

An act for the relief of John Faucher.

An act for the relief of Ruth Ilona Elkin.

An act for the relief of Hazel Durocher.

An act for the relief of Jean Helen Donnan.

An act for the relief of Margaret Joan Digby.

Royal Assent

An act for the relief of Joseph Paul Alderic Belisle.
An act for the relief of Guy Bertrand.
An act for the relief of Pamela Blair.
An act for the relief of Kenneth Allen Blight.
An act for the relief of Marie Yvonne Lucie Godard.
An act for the relief of Marie Augustine Jeannette Gibbs.
An act for the relief of Nicole Marie Geoffroy.
An act for the relief of Susan Gabor.
An act for the relief of Alexandra Deliyannakis.
An act for the relief of Joseph Fortin Decelles.
An act for the relief of Josephine Mary Croll.
An act for the relief of Anita Cleri.
An act for the relief of Alice Elizabeth Clarke.
An act for the relief of Judith Elizabeth Caron.
An act for the relief of Collin Mills Campbell.
An act for the relief of Lorraine Burt.
An act for the relief of Linda Alice Burrows.
An act for the relief of Gerhard Hermann Buchholz.
An act for the relief of Wilma Gloria Bryson.
An act for the relief of Joseph Luc Roger Pelletier.
An act for the relief of Clara Edith Papp.
An act for the relief of Frances Cynthia Nevitt.
An act for the relief of Betty Naimovitch, otherwise known as Betty Naimo.
An act for the relief of Elsa Munch.
An act for the relief of Mildred Dawson Meakins.
An act for the relief of Margaret Rose McDuff.
An act for the relief of Vickie Marks.
An act for the relief of John Elijah Marshalluk.
An act for the relief of Jean Letovsky.
An act for the relief of Lee Leopold.
An act for the relief of Guy Lefebvre.
An act for the relief of Kate Gillman.
An act for the relief of Margarete Gerda Ruhnau.
An act for the relief of Catherine Gerasimos Andrulakis.
An act for the relief of John Joseph Huitson.
An act for the relief of Suzi Elizabeth Perry.
An act for the relief of Vivian Geoffrey Power.
An act for the relief of Gordon Richard Alexander Ramsden.
An act for the relief of Gertrude Lindener.
An act for the relief of Marie Aline Martine France.
An act for the relief of Shirley Margaret Woolley.
An act for the relief of James Richard Williamson.
An act for the relief of Isadore Titleman.
An act for the relief of Lloyd James Simpson.
An act for the relief of Lilly (Lillian) Shapiro.
An act for the relief of Blima (Wendy) Shapiro.
An act for the relief of Marie Theresa Sckyra.
An act for the relief of Anne Marion Prentice.
An act for the relief of Patricia Marjorie Maisonet.
An act for the relief of Jennie Zajko.
An act for the relief of Pawel Olejnik.
An act for the relief of Millicent Vera Seagrove.
An act for the relief of Patricia Sabetta.
An act for the relief of Isadore Rosenblatt.
An act for the relief of Calvin Harold Robinson.
An act for the relief of Real Richard.
An act for the relief of Louisa Emily Elizabeth Porter.
An act for the relief of Eva Florence Plaskett.
An act for the relief of Madge Estelle Pinkerton.
An act for the relief of Allan Barry Phillips.
An act for the relief of Paul Parizeau.
An act for the relief of Jean Elizabeth O'Reilly.
An act for the relief of Josephine Rose Nawrocki.
An act for the relief of Valerie Jean Morton.
An act for the relief of Franklin Dale Hufford.
An act for the relief of Carroll Lynne Milette.
An act for the relief of Evelyne Millette.
An act for the relief of Leo Rene Maranda.
An act for the relief of Edward Sidney Mansfield.
An act for the relief of Elizabeth Angela Stirling.
An act for the relief of Patricia Ann Small.
An act for the relief of Jeanette Rosenberg.
An act for the relief of Phyllis Siev.
An act for the relief of Maurice Sealy.
An act for the relief of Helena Jadwiga Igiel Wodnicki.
An act for the relief of Amira Wilson.
An act for the relief of Hyman Omri Tannenbaum.
An act for the relief of Doris Irene Trerice.
An act for the relief of Glen Stewart Tornay.
An act for the relief of Audrey Barbara Sutton.
An act for the relief of Adele Kathleen Strachan.
An act for the relief of Bertha Staruch.
An act for the relief of Mihaly Szakacs.
An act for the relief of Doreen Dreyer Eastwood.
An act for the relief of Jacques Ekaireb.
An act for the relief of Rosaire Gauthier.
An act for the relief of Gertraud Holzer.
An act for the relief of Marie Joan Patricia Jeffries.
An act for the relief of Anita Guido Knezevic.
An act for the relief of Celia Lesnik.
An act for the relief of Joan Mary Pearson.
An act for the relief of Georgine Plzak.
An act for the relief of Marcelle Rosenberg.
An act for the relief of Helen Beverley Sabo.
An act for the relief of Ruby Rita Smith.
An act for the relief of Marketa Tata.
An act for the relief of Ellen Smolar.
An act for the relief of Carmen Abrams.
An act for the relief of Margaret Ellynore Abbott.
An act for the relief of John Andre Anderson.
An act for the relief of Anne Marie Asselin.
An act for the relief of Percy Beauvais.
An act for the relief of Shirley Brimacombe.
An act for the relief of James Coade.
An act for the relief of Ann Marie Cooke.
An act for the relief of Kathleen Sangster.
An act for the relief of Margot Scott Connor.
An act for the relief of Stasys Vysniauskas.
An act for the relief of Francoise Campion.
An act for the relief of Claire Bradford.
An act for the relief of Sylvia Evelyn Lyon.
An act for the relief of Gerald William Henderson.
An act for the relief of May Margaret Morelli.
An act for the relief of Franz Zeitlhofer.
An act for the relief of Lily (Laura) Anita Karbelnik.
An act for the relief of John Matthew Hardman Pickford.
An act for the relief of Jean Alice Rinder.
An act for the relief of Donald Beakes.
An act for the relief of Guy Bertrand.
An act for the relief of Lloyd Carlton Willard.
An act for the relief of Francis John Nobbs.
An act for the relief of Marie Jacqueline Dusablon.
An act for the relief of Helen Oulton.
An act for the relief of Gwendolyn Grace Lanctot.
An act for the relief of Margaret Kathleen Lister.
An act for the relief of Judith Joy Spector.
An act for the relief of Myrtle Alice Southwood.
An act for the relief of Teresa Lesiuk.
An act for the relief of Ion Ignatescu.
An act for the relief of Mary Gallagher.
An act for the relief of Mary Catherine Weatherby.
An act for the relief of Linnea Erna Barbara Walker.
An act for the relief of Rhoda Lipschutz.
An act for the relief of Leslie Thomas Norval Modler.
An act for the relief of Lajos Nagy, otherwise known as Louis Nagy.
An act for the relief of Paul Orlivsky.

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An act for the relief of Marie Jeannne Beaulieu.
An act for the relief of Rachela Zimber.
An act for the relief of Jacqueline Henriette Pujol.
An act for the relief of Rebecca Rosenstrauss.
An act for the relief of Irene Tyminski.
An act for the relief of Frances Lyman.
An act for the relief of Andre Durocher.
An act for the relief of Anna Elizabeth Strickland.
An act for the relief of Michele Breuer.
An act for the relief of Magella Bergeron.
An act for the relief of Lucien DeCoeur.
An act for the relief of Marie Henriette Antoinette Marguerite Bloodworth Pringle.
An act for the relief of John Joseph Laflamme.
An act for the relief of Eliane Trottier.
An act for the relief of Sylvia Bertha Spires.
An act for the relief of Albert Henry Grabeldinger Willis.
An act for the relief of Ivy Elizabeth Sherry.
An act for the relief of Susanne Reiner.
An act for the relief of Elaine Redmond.
An act for the relief of Paul Emile Niquette.
An act for the relief of Robert Fernand Marcoux.
An act for the relief of Harold Moreau.
An act for the relief of Philip Dalgleish.
An act for the relief of Daniel Gaston Jules Caron.
An act for the relief of Alexander Burke.
An act for the relief of Aurella Breard.
An act for the relief of Laurier Allain.
An act for the relief of Agnes Agai.
An act for the relief of David Filmore Sadler.
An act for the relief of George Mantadakis.
An act for the relief of Patricia Beverley Dineo.
An act for the relief of Marie Emilia Rolande Gittens.
An act for the relief of Barbara Gladys Gregory.
An act for the relief of Julianna Gulyas.
An act for the relief of Edith Herman.
An act for the relief of Olga Rapoport.
An act for the relief of Nellie Rothman.
An act for the relief of Virginia Ruth Parmiter.
An act for the relief of Paul Aime Bedard.
An act for the relief of James Robert Breslin.
An act for the relief of Soshy Judith Marcovitz.
An act for the relief of Robert Charles Chapman.
An act for the relief of Werner Burke Michelsen.
An act for the relief of Dorothy Estelle Lord.
An act for the relief of Jean Alexandria Etheridge.
An act for the relief of Elizabeth Cowan Frawley.
An act for the relief of Anita Klaiman.
An act for the relief of Haia (Clara) Fuchsman.
An act for the relief of Georgiana Brasseur.
An act for the relief of Dorothy Doreen Howell.
An act for the relief of Molly Sacks.
An act for the relief of Frances Sheila Madden.
An act for the relief of Marie Raymonde Violetta Dalpe.
An act for the relief of Ginette Ingrid Leopold.
An act for the relief of Kathleen Ryan.
An act for the relief of Anna Annette Brahmi.
An act for the relief of Rochelle Caplan.
An act for the relief of Edna Belchem.
An act for the relief of Therese Genest.
An act for the relief of Robert Harrison.
An act for the relief of William Joseph Rowe.
An act for the relief of Cecile Caille.
An act for the relief of Robert Inglis, junior.
An act for the relief of Beverly Anne Runions.
An act for the relief of Anton Welte.
An act for the relief of Leo Paul Turcotte.
An act for the relief of Marie-Louise Guay.
An act for the relief of Marsha Liberman.
An act for the relief of Sylvia Socaranski.
An act for the relief of Sheila Liebling.
An act for the relief of Joan Marjorie Gregor-Pearse.

[Mr. Speaker.]

An act for the relief of Giselle Mignault.
An act for the relief of Hugh O'Connor.
An act for the relief of Ruth Moss.
An act for the relief of Dora Elfriede Elizabeth Christian Kovacs, otherwise known as Dora Elfriede Elizabeth Christian Kovac.
An act for the relief of Maurice LeBel.
An act for the relief of Sonja Bagry.
An act for the relief of Therese Beaudoin.
An act for the relief of Ella Jane Lyon.
An act for the relief of Maria Lenkei, otherwise known as Maria Leichtag.
An act for the relief of Doris Elinor Roberts.
An act for the relief of June Blickstead.
An act for the relief of Angelika Tasler.
An act for the relief of Hale Calvin Reid.
An act for the relief of Jeannine Elizabeth Sharpe.
An act for the relief of Olga Antonina Burkousky.
An act for the relief of Evelyn Frances Rae.
An act for the relief of Kenneth James Graham Tait.
An act for the relief of Margaret Elaine Gallagher.
An act for the relief of Joyce Ethel Empey.
An act for the relief of Roger Bernard Angel.
An act for the relief of Marie Claire Rolande Dubois.
An act for the relief of Jean Guy Prud'homme.
An act for the relief of Gilles Graveline.
An act for the relief of Ingeborg Schmidt.
An act for the relief of Margaret Clewes.
An act for the relief of Patricia Hilton.
An act for the relief of Vida Irene Louise McCallum.
An act for the relief of Karl Heinz Schulte.
An act for the relief of Beverley Trachtenberg, otherwise known as Beverley Tratt.
An act for the relief of Monique Mercure.
An act for the relief of Eli Kraus.
An act for the relief of Edouard Pellerin.
An act for the relief of John Andrew Milne.
An act for the relief of Alethea Sarah Ivy Fowler.
An act for the relief of Marcheta Lino Edwards.
An act for the relief of Gwynneth Margaret Forget.
An act for the relief of Joan Reid Koken.
An act for the relief of Eloise Sonne.
An act for the relief of Jean Ilene Buckley.
An act for the relief of Anna May Sergent.
An act for the relief of Karl Heinz Wunderlich.
An act for the relief of Margaret Anne Harvey.
An act for the relief of Josephine Isabella Geiger.
An act for the relief of Barbara Ann Wallace.
An act for the relief of Thelma Freeman.
An act for the relief of Karl Heinz Kerlikowsky.
An act for the relief of Aranka Ilona Berendy.
An act for the relief of Muriel Howarth Hulbig.
An act for the relief of Amy Sandra Glendinning.
An act for the relief of Dorothy Alice Usher.
An act for the relief of Suzanne Moreau.
An act for the relief of Phyllis Carol Johnston.
An act for the relief of Lillian Florence Catherine Hurst.
An act for the relief of Armand Gauthier.
An act for the relief of Maria Papadakis.
An act for the relief of Anna Luella Matthews.
An act for the relief of Dawn Dorothea Marsden.
An act for the relief of Donna Maureen Vincent.
An act for the relief of Therese Geraldeau.
An act for the relief of Gizella Ethel Bogoly.
An act for the relief of Simonne Michele Mona Bouchard.
An act for the relief of Therese Rivet.
An act for the relief of Irene Elizabeth Malloch.
An act for granting to Her Majesty certain sums of money for the public service for the financial year ending the 31st March, 1964.

Mr. Pickersgill: I think that before I make a motion for adjournment I should like,

if I may be permitted to do so, to say a word to all hon. members and especially to Your Honour about what I think has been the remarkable way in which we have terminated this part of the session in these last few days. It does seem to me that, although there have been one or two hot days when the heat was reflected in this chamber, the spirit of co-operation which, I hope, will grow in the latter part of the session, was most evident. As I look over the items which are on the order paper and those which my colleagues insist must be put on it before we adjourn for Christmas, I assure you, sir, that I hope we can take it that every question will be in order, that they will all be short, and that the answers will be shorter still; in fact that we shall get down to business and surprise all of us by getting out in November instead of in December.

I think the events of the last day or so mark a stage in the development of our national institutions. I say this because we have all been conscious of the fact, in the last few years, that there was a duty before this house which was not being performed and which, perhaps, could not be performed. Except for a short backlog which will be dealt with before the present session is over, that is no longer a duty of this house, and I think our consciences will be little easier for that.

I think we all appreciate, sir, the spirit in which you have presided over our deliberations in these first 56 days. It is our hope that before the 100th day of the session is reached we may all go home with the feeling that we have done well for our country.

Mr. Churchill: I should like to associate myself with the non-controversial remarks of the leader of the house in complimenting you on your conduct of the business of this house in circumstances which were, at times, very trying. We fully appreciate the problems which have faced you and the success with which you have kept this institution on the level we expect of it. With all members of the house I also join with the house leader in using that adjective "remarkable" which can be interpreted in many ways. It has been a remarkable session, and our hope is that when the session opens again in the fall we will be able to expect the same interest, activity and vigour that we have shown during the 56 days that have elapsed. I should point out to the Secretary of State that if we commence on the 30th of September and conclude on the 20th of December, which is possible, that would be a 60 day period. With these few remarks, Mr. Speaker, we are anxiously waiting to see you in another place.

Royal Assent

Mr. Bert Leboe (Cariboo): Mr. Speaker, I just rise to say that we too are pleased that we have been able to make the progress we have, especially in the last few hours, and we would hope that when we commence again we would have the momentum that we had when we adjourned for the recess. If so, I think that the wishes of hon. gentlemen across the way will be carried out. I should like to say on behalf of our group, Mr. Speaker, that we are very pleased with the way in which you have conducted the business of the house and through you we would like to present our best wishes to your deputy and to the deputy chairman of committees.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, we are happy to join in the unanimity that we are enjoying in these closing moments of this part of the session. We are happy to join in the felicitations to Your Honour and through Your Honour to all members of the house. We too are pleased with the progress that has been made in recent days and we look forward to our return at the end of September or earlier, as the case may be. If the government will just bring in the kind of legislation that all members of the house want to support, the co-operation will be wonderful and we could well have one of the best sessions we have ever had in the history of the country.

(Translation):

Hon. Azellus Denis (Postmaster General): Mr. Speaker, may I add a few words in French to wish you, and all hon. members and staff, "bonnes vacances".

I am convinced that for two or three days, at least, members will not be asking me for post offices or mail contracts. On the other hand, I am sure they will go through their ridings to find out if new post offices could not be erected somewhere or new mail contracts awarded.

When all those requests have been received, there will surely be enough post offices in Canada.

(Text):

Mr. Speaker: May I just include in these kind remarks the Clerk and the Clerk Assistants. We in turn thank you. We try to do our best. Sometimes in the last few days there has been fairly vigorous activity, and I should like to extend a Scotch invitation to cross the hall to room 16 just as soon as we have completed the proceedings.

On motion of Mr. Pickersgill the house adjourned at 10.56 p.m. until Monday, September 30.

END OF VOLUME III